Association for Diplomatic Studies and Training
Foreign Affairs Oral History Project

WILLIAM PRIMOSCH

Interviewed by: Charles Stuart Kennedy
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INTERVIEW

Q: This is an interview with William Primosch. This is being done on behalf of the Association for Diplomatic Studies and Training and I'm Charles Stuart Kennedy. You go by Bill.

PRIMOSCH: Yes.

Q: Let's start at the beginning. Could you tell me when and where you were born and something about your family?

PRIMOSCH: I was born in Cleveland, Ohio, in 1946. I grew up in a working class neighborhood and had a brother and two sisters. Three of us ended up doing a kind of foreign service. I have two sisters who are Catholic missionaries, one in India now and one in Hong Kong. They are Catholic nuns. Originally, I was interested in being a missionary myself and spent two years at the Maryknoll Fathers Seminary, which has missions in Africa, Asia, and Latin America. I left there and went on to study at the University of Notre Dame political science and international relations. I was interested at

a fairly early time in my life in living and working overseas.

Q: I'm going to stop you here and we're going to go way back. Tell me something about your father and mother and the family background.

PRIMOSCH: My mother, whose maiden name was Frances Held, was originally from Erie, Pennsylvania, she came from a family of carpenters. The family had emigrated from Germany back in the 1850s. My father's family was ethnic German from what is now Slovenia. They had emigrated around the turn of the century. My father was born in the United States. He worked at the county courthouse as a civil servant.

Q: Did either your mother or father go to college?

PRIMOSCH: No. My father had to drop out of school at about 10th grade to support his family during the Depression. My mother graduated from high school and worked for a couple of years but was a housewife almost her entire life.

Q: How did they meet?

PRIMOSCH: I think they met through mutual friends in Cleveland. I really don't know much about it.

Q: You went to school in Cleveland?

PRIMOSCH: I attended Catholic schools in Cleveland. I went to Immaculate Conception grade school in Cleveland, which is on the East Side in a working class neighborhood, and then went to Cathedral High School, a school run by the Marianist Brothers. I spent all my life in Cleveland and grew up and lived in the same house the entire time.

Q: Let's talk about grammar school. Were nuns running it?

PRIMOSCH: Yes. We had the Ursuline Sisters. At that time, all of the teachers were nuns, which is very rare these days. It was a very strict school but there was good basic education and that proved to be very helpful later in life. At the time I was going to school there, in the 1950s, most of the students went on to high school and never went beyond high school. Many, in fact, dropped out of high school in the '50s and early '60s.

Q: One hears stories about how strict the nuns would be. Did you find that?

PRIMOSCH: They were very strict, but they were very nice people. I've had the pleasure of continuing contact with some of my old grade school teachers. Every now and then when I visit Cleveland, I run into one of them. They at least pretend that they remember our class very well and seem to be genuinely affectionate towards their former students.

Q: While you were in grammar school, I take it your mother and father were pretty busy people. Was there much intellectual background – reading, looking at the paper,

interested in politics?

PRIMOSCH: No, they did not have much interest in intellectual kinds of things or in politics although my father was involved a bit in local politics so I got to meet councilmen and judges since he worked at the court house. That was the center of a lot of local political activity. But the one difference was that, even though most of the parents in my neighborhood were not well educated people, they were all of an ethnic origin that stressed education. Getting a good education was always very important for them. In retrospect, the cost of sending their children to private Catholic schools through high school was a rather heavy financial commitment. But it was just expected, and they never complained about that.

Q: What was the role of Catholic Church as you saw it? You were in school during the McCarthy period. Did you feel the Catholic Church was there as a guide?

PRIMOSCH: I think what people of my generation in Cleveland felt was that the Catholic Church was very much a part of their lives. All my friends were Catholic. The neighborhoods – Cleveland was a very ethnic city and there are a lot of ethnic neighborhoods –tended to be divided into ethnic groups. You had Slovenian neighborhoods, Croatian neighborhoods, Polish neighborhoods, etc. There was a very heavy Catholic population. Anyone who was Catholic at that time sent their kids to the local parish school. They were involved in some way or another with the church, which was usually just a few blocks away. This was an accepted reality of life growing up in Cleveland in the 1950s.

Q: Where did these neighborhoods fall on the political spectrum?

PRIMOSCH: Cleveland is a very heavily democratic time. The labor unions were very strong there. It's a working class town. At that time, a very high percentage of working class people were Democrat. It was unusual to have Republicans, although my father-in-law was a working class person and a Republican. He didn't like the Democrats.

Q: What was the name of the high school?

PRIMOSCH: The name of the high school was Cathedral Latin High School. It was an all-boys high school, which was common at that time for Catholic schools. They were either all boys or all girls. My wife, who grew up a couple of blocks away from where I lived and went to an all-girls high school, also a Catholic school.

Q: While you were in high school, what were your interests?

PRIMOSCH: I didn't have any particular strong interests. I liked to play sports, although I wasn't on a school team. I wasn't good enough. But I did like to play sports. In grade school, we started at a young age playing football, basketball, and baseball. All the kids in the neighborhood played. I got interested in reading at a fairly young age and particularly in high school. For some reason, I got fascinated by foreign cultures and

peoples even at a fairly young age. I thought it was very natural at the time, but in retrospect I guess was a bit unusual.

Q: A lot of our colleagues, myself included, found the same thing. Do you recall any books or authors that grabbed you at that time?

PRIMOSCH: For some reason, I got intrigued fairly early on, a senior in high school, in Dostoevsky and some of the Russian writers. I guess this peaked my interest in foreign cultures and in living overseas.

Q: In these areas that were strongly ethnic, were you picking up ethnic politics, like the Slovaks didn't talk to the Czechs or something like that or was it transmitted to your generation?

PRIMOSCH: It's interesting that German ethnics very quickly assimilate. You'll find this if you talk to people of German origin. While we had a German club in Cleveland and my father went to it occasionally, he was not terribly interested. Germans don't tend to preserve their ethnic heritage as much as other cultures. Just about any other European culture has a stronger sense of ethnic identity. So, that kind of ethnicity did not come through in our family. I did, however, note it in other kids that I hung around with – for example, the Serbs and Croatians who lived in our neighborhood. Everyone knew that they didn't get along and were very hostile towards one another..

Q: How did you find the Marianist brothers who were running the school? Were they expanding your horizons?

PRIMOSCH: Yes. I think overall they provided a pretty good education. In some respects, for example, in terms of fundamentals, my high school education was better than many schools today that have a more sophisticated curriculum but somehow overlook the basics of math, science, history and government. But Cathedral Latin wasn't by any means an elite school. The kids going to the school had rather limited ambitions. I would say about half the class went on to college. By no means, however, was it expected that everyone would go on to college, as it is today in most schools.

Q: You graduated from high school when?

PRIMOSCH: 1964.

Q: Did the Cold War intrude at all?

PRIMOSCH: It was part of the background environment at that time. It's hard to say in a practical way how this affected you except that you were very much aware of the threat from the Soviet Union. This was kind of a reality which you saw in the papers all the time. I recall rather vaguely the confrontation over the building of the Berlin Wall, and more vividly the Cold War rhetoric in the Kennedy administration and talk about the Cuban Missile Crisis. But I would say in terms of impact on my thinking, it was more in

the background.

Q: Coming up to '64, were your parents or parish priests pushing you towards being a missionary?

PRIMOSCH: My parents didn't push me at all. They were very much of the view that you should do whatever you were interested in doing. They didn't really push me one way or the other. But it just so happened in growing up, I had over the years come in contact with several priests whom I admired very much and who impressed me as men and as people who had a calling and interest in serving other people. Like a lot of young people, I felt very strongly that sense of wanting to serve. That's what drew me into an interest in doing missionary work.

Q: You went from high school to Notre Dame?

PRIMOSCH: No, I went from high school to Maryknoll Seminary, which was at that time outside of Chicago in Glen Ellyn, Illinois. At that time, the seminaries were different than they are today. It's kind of interesting in contrast. There are very few people who enter seminary now. But at that time, the seminaries were almost overflowing with young men interested in religious work. In fact, my sister-in-law, who is a couple of years younger than I, also entered a convent in Cleveland. I have two sisters who entered the convent several years before I graduated from high school. I think this was a rather interesting phenomenon of the times that there was this great religious outpouring among a lot of young people, particularly Catholics. I don't know how it was with other denominations.

Q: Maryknoll, both the brothers and the sisters, got very much involved, particularly in Latin America, with the injustice, but found themselves just by that nature to the left of a lot of the political movements. Was this the sense?

PRIMOSCH: When I was there, which was only about two and a half years, the sense I had was that this was an organization that was very dedicated to helping the poor. I didn't sense any political ax to grind, but they did identify particularly in Latin America with the Indian population, which was usually very poor and politically isolated and probably discriminated against. But there wasn't a political zeal. I think the politics arose out of the sense of mission to the poor in these countries.

Q: The political thing developed in the face of the reality of being, say, in Guatemala.

PRIMOSCH: Yes. I think particularly in the '50s, '60s, and '70s, and probably to a lesser extent today, these societies were very authoritarian and divided by class. It was probably pretty easy to be drawn into political activism in that environment if you were trying to do something to help the poor.

Q: Were you getting what amounted to a continuing basic education or was it moving more towards the religious side?

PRIMOSCH: They had a heavy theological curriculum, but there were a lot of extremely bright people there and even though the school was small, only 400-500 students, it was intellectually in many ways superior to what I saw at Notre Dame. It was more intellectually stimulating.

Q: What happened as you went through there? Why the shift?

PRIMOSCH: I guess I just concluded that this wasn't for me. That's when I decided to transfer to Notre Dame, which wasn't all that far away. When I transferred, I went into their international affairs department following up on that same interest in work overseas and foreign cultures.

Q: You were in the church when Pope John XXIII came on the scene. Were you feeling the tremors of the change?

PRIMOSCH: My recollection was that there was a lot of change in the church as it tried to drag itself from the Middle Ages to the 20th century. Up until about the late 1960s if you look at church practices and the church liturgy and religious orientation, a lot of it is directly out of the Middle Ages. You could have gone in the 1950s to a Mass in Cleveland, it wouldn't have been that much different from going to Mass in 1400 in France. The Mass was in Latin. A lot of the prayer services came out of the Middle Ages. I think there was a recognition in the Catholic Church that it really needed to become more relevant to modern times.

Q: When you went to Notre Dame, this would have put you there when?

PRIMOSCH: I was there from '67-'69.

Q: Was Father Theodore Hesburgh (the former President) still there?

PRIMOSCH: Yes.

Q: Here was a university that was reaching out in the international field trying to establish itself as being more than a feeder Catholic school for the area.

PRIMOSCH: I know it was aspiring to be a level of excellence which they felt they hadn't achieved. My sense is that they didn't quite make it. I think part of that is due to the tradeoffs they made. They had great sports teams when I was there, but I think the type of environment there was not as encouraging to academics as it might have been. Most of their students there came from Catholic schools and maybe there is a less diverse environment. Certainly there were very few minorities and very few non-Catholics. But overall, the academic level was fairly high. I had a lot of very good professors there, particularly in political science. What was interesting at that time was that there were, as you had in many American universities, many émigré professors who left Europe around the time of World War II. One of my most interesting professors was Dr. Gerhart

Niemeyer, who taught political philosophy and who was a German émigré from World War II. He left under circumstances of persecution and wrote a lot about communism. Another interesting professor was Dr. Stephen Kertesz, who was a minister in the Hungarian government during Nazi occupation. He was a distinguished professor of international law. Notre Dame's political science and international affairs programs were particularly good at that time. It was an interesting and stimulating group of professors.

Q: Were you having to play catch up to those who had already been at Notre Dame? Did you find the grounding that you had put you right in the slim of things?

PRIMOSCH: In terms of academic preparation, there was no problem. But it was a different focus. But academics were not an issue.

Q: Were you concentrating on any particular area?

PRIMOSCH: At that time, I was focused on Latin America and took courses in its history and government. I think I came away from all the studies rather frustrated with developments in Latin America. Maybe it was because that area wasn't going anywhere. I didn't follow up on that as I thought I would.

Q: For many of us, Latin America then… I'm not even sure today it's changed that much. This is without lack of real knowledge. It seemed to be rather stagnant.

PRIMOSCH: Yes. In the '60s and the '70s, there was a heavy emphasis on leftist politics and a lot of socialist experimentation which proved almost universally a failure.

Q: What was it called – revolutionary theology?

PRIMOSCH: There was some of that. There was also the so-called "Prebisch" thesis, developed by Latin American economist Dr. Raul Prebisch. He maintained that multinational corporations were exploiting Latin America and the developed world by perpetuating the unfavorable terms of trade between natural resource products and manufactured goods. Raw materials were kept cheap while rich countries sold manufactured products at higher prices. There was a lot of leftist guerrillas operating in Latin America. Salvador Allende had experimented with socialism in Chile without much success and experienced great personal tragedy. The unsuccessful revolutionary exploits of Che Guevara also received a lot of attention.

Q: As you reached the end, what were you going to do?

PRIMOSCH: This was the late '60s when I was finishing up college. What was on everyone's mind at that time was being drafted and sent to Vietnam. In retrospect, I can see that it was something that was very pronounced and a concern of a lot of students. What was going to happen after graduation? Could you get a deferment to continue studying in graduate school, which is what I wanted to do but it was not possible any longer in '69? Would you be sent to Vietnam? If you were opposed to the war, should

you consider protesting or even emigrating to another country? There was some talk of that. There were a lot of protests on campus, particularly during ROTC parades. I participated in the 1968 March on Washington with a lot of other college students and stayed at Georgetown University in one of the dorms after the protests. Later I had the interesting experience as a Foreign Service officer to participate in meetings with former Secretary Robert McNamara. I thought, how ironic that years earlier I was protesting outside his window at the Pentagon and now I'm sitting across the table with him discussing economic policy towards Asia.

Q: What happened? You graduated in '69.

PRIMOSCH: Yes. I had a relatively low draft number, so I knew I was going to go in the Service one way or the other. I went into the Army in April of '69 as a draftee enlisted man and spent a little over two years in the service. It just so happened that I was sent to Germany for reasons of luck of the draw. I ended up in Heidelberg, Germany, at U.S. Army Headquarters-Europe for about a year and a half.

Q: '69 was when Nixon came in and we were beginning to draw down our forces. The buildup had stopped and there was a disengagement of our forces.

PRIMOSCH: That's true, although at the time just before I went into the Army and when I was in the Army, everyone was conscious of the fact that we were still fighting the war and that a lot of people who were going to Vietnam. A grade school friend of mine, Steve Mylant, a Marine, was killed in Vietnam. The reality of the war continuing was more pronounced than the recognition that U.S. forces were starting to be withdrawn. The late '60s were a very strange time if you combine the war and the protests against the war and the civil rights movement and the violence associated with that and then the race riots in the cities. There were riots in Cleveland when I was living there and I remember the National Guard being called in. This was all within a period of just a couple of years. The change in social mores with the hippies and the change in culture that was so different from the way our parents grew up made for quite a dramatic time.

Q: What type of work were you doing in the military?

PRIMOSCH: I worked in a finance office. I was not involved in combat duty. In Heidelberg, I was stationed at the U.S. Army European headquarters in the administrative unit. There was nothing particularly challenging about the work, although in retrospect being in the Service I found very interesting because you met a lot of different people. I was an opportunity to live overseas, and my wife and I traveled a lot when we were in Germany.

Q: For many, if you don't get killed or wounded, it's a very positive experience. You're getting out and it's just a different world. Also being able to go overseas. How did you find Germany?

PRIMOSCH: Germany was very interesting. It struck me when I arrived as still not quite

being a modern country. The standard of living was not very high compared with the American standard of living. This was a little over 25 years after World War II. Everything was built up, but the economy was not that well developed. It didn't seem very efficient. People's incomes were not as high as Americans. The dollar was very strong then—over 4 marks to the dollar. Even on an enlisted man's salary, we were able to travel and go out to restaurants and do a lot of interesting things.

Q: You were in the finance unit, so you weren't going to be on the front line, but was there the feeling that the Soviets might move at any time?

PRIMOSCH: No, there wasn't. There were, however, exercises – they called them "alerts" – every month on a date that was not known in advance. We would get a call that said, "This is an alert" and you would simulate what you would do if there was an invasion. For the people in the administrative unit, you would just to go your office. But the combat troops would get in their tanks and trucks and go out on maneuvers for two or three days to simulate a response to a Russian attack. However, everyone was more focused on what was happening in Vietnam than the possibility of a Soviet invasion.

The military at that time was very different than the military now in terms of morale and professionalism. The morale was terrible. The enlisted men for the most part didn't want to be there. There was strong opposition to the war. Racial tensions were very high. There were a lot of fights between black and white soldiers and just a sense of palpable tension.

Q: On this black-white thing, were there black areas, gasthauses where one went and there were white areas? Were things pretty de facto segregated?

PRIMOSCH: I think there was pretty much de facto segregation. I was married at the time, so I didn't go out to gasthauses (i.e., local bars). But I think the Army reflected society at large. People tended to congregate racially among themselves. Of course, it wasn't much different than growing up in Cleveland, which was is a very segregated city. That's the way people lived then.

Q: You mentioned you were married. You and your wife grew up together?

PRIMOSCH: Yes. In fact, we went to grade school together and knew each other since then, although we didn't date until college. We have very similar kinds of backgrounds.

Q: Was she able to come to Germany?

PRIMOSCH: Yes. She came to Germany shortly after I got there. She was at Kent State University and had left to go to Germany just a couple of weeks before the shootings there. She is a teacher by training and did some teaching at the University of Maryland's extensions on the bases.

Q: You were in the military until when?

PRIMOSCH: Until 1971.

Q: Did you have any feel for what you're going to do?

PRIMOSCH: I knew I was interested in international work of some kind. I had only a very fuzzy notion about what the State Department did. At that time, I had more of an interest in AID doing development work, which was more aligned with my original interest. So, I was toying around with the idea of doing some graduate work in Europe in international affairs and ended up going back to George Washington University and doing graduate work in their international affairs program there.

Q: You were at George Washington from when to when?

PRIMOSCH: From '71 to '73.

Q: Did you get a master's?

PRIMOSCH: I got a master's degree in international affairs.

Q: How did you find George Washington as a place to go for a graduate degree?

PRIMOSCH: Overall, I thought it was a good program. They had several very good professors. One of the things that they stressed in the courses that I took was research and writing. So we did a lot of papers and that was a great opportunity to refine my writing skills. Acquiring good writing skills really helped me later on in the State Department. Several of the courses I took I also found to be very useful later on at the State Department. I took courses in international trade and economics, and some courses in international communism. We did a lot of reading on China, Russia and Eastern Europe. As it turned out, my first assignment at the State Department was in Belgrade, Yugoslavia. I found myself very well prepared academically for that kind of work.

Q: Had you had any real contact with the Foreign Service? Did you have any idea what it was about?

PRIMOSCH: Not really. I had just the vaguest sense of how the State Department works overseas. My original interest was in the Agency for International Development. I can't quite remember why I ended up taking the Foreign Service test and not pursuing an interest in AID, but I did take the test and passed it and had the interview shortly thereafter. The timing was fortunate as there was a big turnover at the State Department. It was hiring a lot of junior officers so I came in fairly quickly after taking the test.

Q: You came in when?

PRIMOSCH: In June of '75.

Q: Do you recall anything about the oral exam?

PRIMOSCH: It was very different than the oral exam now. It only lasted about 50 minutes. There were three examiners. They asked some rather general questions about international events. I read "The New York Times" daily a couple of weeks beforehand, so I felt I was up to date on current events. I recall the examiners asked me several questions about literature. I had read a lot of Russian and German literature, so I was able to converse about literary and cultural developments in foreign countries. But I got the impression that it was a kind of examination that was intended to confirm what they thought—t hat you passed the test and you're okay.

Q: See if you could talk.

PRIMOSCH: Yes. To see if you could talk and if any obvious problems would emerge from the person.

Q: So you came in in '75. What was your A100 course like?

PRIMOSCH: I think fairly useless except as a social event. We had a very big class. I think it was the biggest class ever to have entered—about 120. Henry Kissinger came to our graduation ceremony. But I must say that I don't think it was very useful in terms of what I thought would have been helpful as a junior officer to prepare for a first assignment overseas.

Q: When in '75 did you get in?

PRIMOSCH: My recollection is that I entered in the junior officer class in June and went into language training at the end of August/early September for Belgrade, studying Serbo-Croatian course at FSI. I then was assigned to Belgrade that following summer.

Q: Did you have any choice in where you wanted to go?

PRIMOSCH: I did have an interview to discuss assignments. I think that because I was a little bit older, that I had been in the Army, and that I had graduate work, there was a readiness to consider me and people who had similar backgrounds for more responsible and demanding first assignments. At that time, they were still assigning people to the State Department as a first assignment. I don't think they do that anymore. Usually a first assignment is overseas. Based on a bit of work experience, a couple of different options were suggested. I said I was interested in Belgrade. I don't know whether they assigned me there because I expressed an interest or because that just happened to work out that way in terms of what was convenient for the Department.

Q: Were you picking up any reverberations from the collapse of South Vietnam in April of '75?

PRIMOSCH: I think there were reverberations in the sense that the confrontation or the conflict with the Soviet Union was still very much alive. This was part of a worldwide

problem. Vietnam was one symptom of this global challenge of trying to deal with communism, which was very much embedded in U.S. foreign policy strategy at the time. For Foreign Service Officers in the State Department in the 1970s, this was a foreign policy issue that was on everyone's mind no matter where you were serving. Even in Latin America, there was a concern that the communists were going to take over, that they had Cuba and were going to gain control in Central America too. There were communist guerrillas in Bolivia and Salvador Allende in Chile. There was very much that sense that communist groups were on the move, and that this was a confrontation that was global, whether it was in Central Europe or Yugoslavia or Latin America.

Q: Chile had a revolution and the communists for a brief time were in power.

PRIMOSCH: And even in France, the leftists and Communist Party were very strong and in Italy as well. So, there was this sense of a real global struggle that was very prominent on the foreign policy agenda.

Q: When one takes a language before going to a country, one often picks up quite a bit of a feel for the culture through the teachers. How about before going off to Belgrade?

PRIMOSCH: We had very good Serbian teachers. I don't know, however, that I necessarily agree with the FSI method even to this day. I think it might be better to just throw people in the water and have them start speaking the language more in country. You might learn more effectively. But I did end up speaking Serbo-Croatian fairly well by the time I left Belgrade, although I really applied myself when I was in country. I think you pick up a bit of the culture through the teachers. But if you haven't actually lived in Yugoslavia, like many foreign cultures, contact with émigrés is no replacement for actually being in the country.

Q: Who were your teachers?

PRIMOSCH: There was Father Milosevic, who was an Orthodox priest. I can't remember the other two teachers.

Q: You went to Belgrade from '76 to when?

PRIMOSCH: I was there from 1976 to 1978.

Q: What were you doing?

PRIMOSCH: I was a commercial officer. At the time, the State Department had the commercial function in the Foreign Service. It turned out to be an interesting job for a first tour officer because it got you out of the embassy a lot. You interacted a lot with the local businessmen and traveled throughout Yugoslavia. I also participated in a lot of different kinds of business events, which I found unusually interesting for a first tour.

Q: Who was the ambassador at the time?

PRIMOSCH: It started off with Lawrence Silberman, who was a political appointee, a former senior Justice Department official. He was there a year and then he left. Larry Eagleburger, the former Under Secretary for Management, came out from the Department and was there my second year.

Q: I have interviewed Silberman. What was your impression of him? Was he pretty far away from your…

PRIMOSCH: It was a pretty small embassy, so even as a junior officer, you did have a fair amount of contact with the ambassador or at least observing the ambassador and being involved in meetings with him.

My impression of the ambassador was that he was a very smart professional. I think he was trying to pursue some very specific objectives. He was rather tough on the Yugoslav government. In retrospect, I think that was perhaps the better strategy. In all of Eastern Europe and in Yugoslavia, the overall approach was to try to win over friends and governments. The idea was that somehow we were going to encourage more independent policies that would be more favorable to the United States. In particular with Yugoslavia, the government under President Tito was more independent than the other communist satellites. Yugoslavia didn't consider itself to be a "satellite." It was thought that somehow we would be able to break Yugoslavia away from its close ties with the USSR or at least get it to lean toward the United States in some of our confrontations with the Soviets and the other communists. There was also a belief that from the commercial and economic perspective if you could show them the benefits of capitalism, bring the Yugoslavs into contact with Western businessmen and Western business practices, and Western investment, that this would accelerate the change and that Yugoslavia would evolve away from a communist system and become more independent.

Q: Speaking of Silberman, how did you find the Yugoslav economy and opportunity for commercial American interests there?

PRIMOSCH: There was a coincidence of interests in Yugoslavia. As I noted, we believed that if we could get more Western and American businessmen involved in Yugoslavia, that would support our foreign policy goals in encouraging a more westward leaning government and people. At the same time, in the 1970s not only in Yugoslavia but in Central Europe and even in the Soviet Union, there was a greater interest in doing business with the West because of all the problems in their state-controlled economies. They didn't have modern technology. They needed foreign investment, and they were also trying to generate hard-currency exports. So, we had a very active commercial program in Yugoslavia to try to encourage U.S. businessmen to come. Some were interested. They saw these as new markets. At a time when western commercial efforts in Western Europe may have reached their limit, Yugoslavia, Central Europe and the Soviet Union were seen as new potential markets, not necessarily large but significant enough that companies could make some money there. In reality, the business opportunities were quite limited. There were some U.S. companies who were doing a significant business

there but not a lot.

Q: Were you there at the time when this American businessman was arrested on charges of spying?… Could you explain what that was and how this operated?

PRIMOSCH: He was an American businessman of Hungarian extraction. His name is Hungarian, but he might have been a Hungarian from Yugoslavia since there is a large Hungarian minority population in the Vojvodina area of northern Yugoslavia. He went to a factory, allegedly was taking pictures of sensitive equipment in a sugar factor, and was arrested as a spy. That part of the country has a lot of beet sugar production. He was arrested as a spy and they had kind of alleged he was working for the CIA or Western intelligence. The Yugoslavs were rather paranoid about the United States' intelligence seeking to penetrate Yugoslavia at that time. It got to ridiculous levels where you would go to a factory and ask someone, "How many people work here" and they wouldn't tell you because they apparently thought: "Well, I might get in trouble because I told this person from the U.S. embassy who could be working for the CIA, something that someone is going to blame me for giving away secrets." Even the most innocuous information was considered secret. I don't think the Hungarian-American who was arrested had any connection with any Western intelligence. He might have just pissed some Yugoslavs off, and they picked him up. They were going to put him on trial. Ambassador Silberman took a very hard line that this had to be resolved. He talked very tough, including making some very tough public statements that got a lot of Yugoslavs mad. Reportedly his comments angered President Tito himself. I think the Yugoslavs came to the conclusion that keeping this guy was more trouble than it was worth and they let him go. But what really set the Yugoslavs off – and I had heard that this went all the way up to Tito himself– is that at the time he was released, Ambassador Silberman went to the train station to see the man off as he left Yugoslavia and made a statement to the press, something to the effect that: "This shows that you can't do this to an American." I believe that immediately after that happened, he was considered persona non grata. He couldn't get any senior-level appointments. I think that was when it was decided that he ought to leave. It also coincided with the change in administrations in Washington (i.e., in January 1977).

Q: Did this have a dampening effect on business people coming to Yugoslavia?

PRIMOSCH: That wasn't a problem. I think a lot of U.S. business representatives who did travel to Yugoslavia were from either Western Europe or Greece. I don't think that was a big problem for American business representatives, but there was always this overlay of suspicion about Americans, particularly among unsophisticated government bureaucrats, that rose to rather ludicrous levels. This diplomatic problem probably didn't help. But it wasn't so damaging that we couldn't get out and do things and meet with people. I think particularly people like myself who were clearly commercial trade officers were not effective in a major way, but Ambassador Silberman was.

Q: Who was the DCM?

PRIMOSCH: The DCM was at the time of Ambassador Silberman – he brought out his own DCM, a political appointee. He was a very nice guy, very bright, but was not in the State Department culture. He left with Ambassador Silberman. Charlie York, who was the economic counselor at the time, was the senior Foreign Service officer and became chargé then for a period of time until Ambassador Lawrence Eagleburger came with his DCM. We had a really outstanding team of officers. Bill Montgomery, who is now an ambassador to Yugoslavia, was out there at the time. So was Mark Palmer, who later became a very distinguished ambassador to Hungary.

Q: Yugoslavia is attractive. When I took Serbian, it was with Larry Eagleburger. We went out there in '62 together. Was there a change when Eagleburger took over?

PRIMOSCH: In a lot of different ways there was a change. Personally, Larry Eagleburger was a fine man. He was very nice to everyone. I was at a fairly low level in the embassy, but I do remember him treating everyone well, as professionals. He had a great sense of humor. There was a sense of a steady helm, of someone who knew what he was doing. He had a lot of enthusiasm for trying to advance the strategy of encouraging Yugoslavia's independence and its ties with the West. He looked particularly on trade and business as a way to try to influence Yugoslavia and encourage internal change, which all of us at that time had hoped would accelerate with contact with the West. We thought that this could be an evolutionary kind of change as opposed to a very abrupt falling apart, which is what happened after Tito died.

Q: Looking back on it, an interesting thing is how much there was a Yugoslav establishment within the Foreign Service. A good number of people who did rather well in the Foreign Service went through Yugoslavia, which was both a challenging but also kind of a fun place to be.

PRIMOSCH: That's right. I think at that time in the '70s and even into the '80s as well, there was a sense that being involved in issues involving the Soviet Union and Eastern Europe and the East-West struggle was at the cutting edge of diplomatic work and was some of the most challenging work in the State Department. There always seemed to be a crisis of some sort that you were involved in. As it turned out later, I was also in the Office of East European Affairs when the Polish labor strikes broke out, and there was concern about the Russian invasion. There was a continuum through the '70s and '80s of intense diplomatic activity and challenge in that part of the world.

Q: What was your impression of the workers management system in Yugoslavia? It was supposed to be the Yugoslav way, which is different than the central planning system in the Soviet bloc.

PRIMOSCH: The "worker self-management system" was considered by some the middle way between a state planning system that existed in Central Europe and the Soviet Union and Western style capitalism. It struck me that the economy at that time had significantly more and better consumer goods than economies in the Soviet Union and Central Europe under the central planning system. But at its core it wasn't that much better. The

enterprises had a little more independence. There was maybe a little more incentive among the workers to produce a higher quality product. But in the end, there wasn't a dynamic that encouraged innovation or competition or quality like you have in a market economy. It really was in the end a failure that Yugoslavia is still living with because they tried to continually adopt that system even after Tito died without success. On the other hand, in Central Europe and Russia, the post-USSR governments made pretty much a complete break and tried to create a market economy. Some such as Poland, the Czech Republic, and Hungary have done fairly well, but Yugoslavia, even though in many respects it has some advantages in terms of skilled workforce and level of technological development under their system, couldn't get much more out of this hybrid market system. There was an expectation when I was there that somehow the worker self-management was going to work and that it was also compatible with foreign investment and more trade with the West. To some extent, it was but only to a very limited extent.

Q: As far as our looking at it and reporting, do you think that we were trying to put the best face on the economy and the opportunities there?

PRIMOSCH: I think we were and that was a mistake. I don't think we were as critical as we could or should have been and that wasn't just in Yugoslavia. That was in Eastern Europe as well in countries where we thought that we sniffed change in the air. Hungary was certainly one of them where there was a sense that it was one of the "nice" socialist countries because the government wasn't so brutal, at least not that we were aware of, and government officials and business executives were more polished and more Western oriented, at least in their outward demeanor. There was a similar view of the Poland and the Polish government, which always had very sympathetic support from Polish émigrés, U.S. policy was to give these countries special privileges in terms of access to Export-Import Bank credits and most-favored-nation (MFN) tariff treatment (i.e., normal U.S. tariff treatment as opposed to special high rates for most communist countries). But in retrospect, we were too uncritical and too optimistic of what the limited liberalization of their systems would permit in terms of economic change. In the end, we were too hopeful.

Q: Today we're looking at four or five Balkan wars in the last few years. Could you see at that time the dissolution of Yugoslavia into a bloody mess?

PRIMOSCH: I certainly could not have envisioned this when I was in Yugoslavia, and there was no one talking of that either. Anyone who went to Yugoslavia serving in the political-economic area had done reading on Yugoslavia's history. You don't have to dust off too many book covers to learn of the terrible, bloody events of the 20th century that had left so much enmity between the different ethnic groups, particularly between the Croatians and the Serbs, more so than with the Muslims. No one was talking about the possibility this would occur again. The action plan was focused on what do we do when Tito dies. There was a very thick book which we updated in the State Department every year on the action plan for a whole series of steps that we were expected to take in terms of military precautions, in terms of diplomatic communication, when Tito died. There was concern that the Russians would immediately try to exert their influence, maybe even

invade and try to bring Yugoslavia back into the Soviet Bloc. So, that was a very myopic view of the threats to Yugoslavia and what would happen in the future, even though people were aware of the history. Most Americans and I personally find it even to this day hard to believe that the Yugoslav people could do such brutal things to one another, particularly people who in many cases have lived right next to each other, but just happened to be from different ethnic groups. That kind of brutality is just hard to understand. I think it should be a lesson learned for any place in the world where we're trying to promote our diplomatic objectives. We need to be continually aware of how ethnic tensions can very quickly intensify and become very violent. We can't be too optimistic about finding peaceful solutions.

Q: I have much more understanding of the whole of events that happened during the Hitler time in Germany. When looking at Yugoslavia, you thought, "Well, they don't get along, but these are civilized people. They're not going to go out and slaughter each other." Of course, we all watched in horror what happened.

PRIMOSCH: When I was there, I cannot recall any or perhaps just a couple of ethnic incidents where the police beat up someone, there was a fight, or someone got killed. But this was shortly after we had riots in American cities for three or four years and where you saw racial tensions in the U.S. just at a fever's pitch coming and going and people were getting killed. Then you read about the history of Yugoslavia, and you look at what you see. But you don't see that kind of tension that you saw even in the U.S. I think the natural conclusion is, well, that's all in the past and these people now are more civilized and more understanding and it just couldn't happen again.

Q: Where did you go in 1978?

PRIMOSCH: I went to the East European Office.

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Q: Today is May 17, 2001. In 1978, you went to the East European office. What did that consist of?

PRIMOSCH: At the time I went back for a short stint in the East European office working with Carl Schmidt and Harry Gilmore, who were old hands in the region, prior to going to the economics course at the Foreign Service Institute. Things worked out well during those months and I was offered a job the following summer as the economic officer for Hungary, Bulgaria, and Poland.

Q: Let's talk a bit about in 1978 the economics training.

PRIMOSCH: It was a very rigorous training. In retrospect, it was a bit too academic. I didn't find that I used a heck of a lot of it later on, although there were some good parts to the course and it reinforced some of the economics courses that I had had at the graduate school level. Overall, it served its purpose, but it was a bit too academic. We

spent a lot of time learning statistics, which was excruciating for those who were not mathematically inclined. I never used that later on at the State Department or overseas.

Q: You went to what bureau?

PRIMOSCH: The European Bureau in the Office of East European Affairs.

Q: From when to when?

PRIMOSCH: From ’79 through ’81.

Q: And you had what?

PRIMOSCH: We had two economic officers in the Office of East European Affairs. I was the economic officer for Hungary, Poland, and Bulgaria. Bob Bradtke, who has had a very distinguished Foreign Service career, was the economic officer for Yugoslavia.

Q: Is he still in?

PRIMOSCH: He was at the NSC as the executive secretary there. He may still be over there. (Later Deputy Assistant Secretary in EUR and Ambassador-designate to Croatia.)

Q: What were our interests in Hungary, Poland, and Bulgaria from ’79-’81?

PRIMOSCH: Our strategy toward Eastern Europe at that time was very well defined. It was trying to encourage more independence among the countries of Eastern and Central Europe – Hungary, Poland, Bulgaria, the Czech Republic, Yugoslavia, and Romania. The economic strategy was one to find new markets for U.S. business, which seemed timely since these countries in the late ‘70s were turning more to the West for technology and investment in an effort to catch up to capitalist countries. In retrospect, it was the final phase of deterioration of the Soviet Bloc. Economically, it was exhausting itself because it couldn’t generate the kind of technology, investment and efficiency that existed in market economies. Our role was to try to encourage more contact with Western business and to encourage more of a market orientation in these economies. We had a very active economic program in all the countries, including bilateral economic commissions or committees which brought together the U.S. government as a team with their counterparts in these countries to discuss investment and trade issues and encourage more economic contact with the West and particularly with the United States.

Q: In December of ’79, the Soviets moved into Afghanistan. The Carter administration really turned against the Soviet Union. How did that reflect itself on your particular area of concentration?

PRIMOSCH: It did complicate our effort somewhat, but in all of these countries in Eastern and Central Europe, you could even at that time see the yearning for more connections with the West. So, that continued even though relations with the Soviet

Union were more tense after Afghanistan. But there was still this desire, and you saw it in Poland, Hungary, and Czechoslovakia, of having more ties with the West, a recognition that the Russians really didn't have much to offer in terms of technology and business opportunities and that if they were going to raise their standard of living they had to have Western investment and technology. These countries also wanted to also have more trade with the West because they needed hard currency (i.e., dollars). That could help them import consumer and industrial goods from the West that would make life better.

Q: Was there any concern on our part about helping the investment to these countries, all of which were part of the Warsaw Pact, supposedly potentially our mortal enemy?

PRIMOSCH: Yes, that was a key issue in our economic and trade relations. Export controls were a very important issue in trying to develop our economic relationship with these countries. There was in the Economic Bureau an Office of East-West Export Controls that was trying to find the balance between offering them advanced technology and protecting national security. We didn't offer them any military technology, but a lot of advanced technology has dual uses and required close scrutiny through the export licensing system. Particularly in the computer area, there was a great sensitivity and some differences within the government as to how much advanced technology and the kinds of advanced technology that we should offer. For example, the Romanians had started to develop their own computer industry and were always seeking greater access to computer technology and maintained in their presentations to us that this was strictly for civilian uses. Then we would have an interagency process of trying to decide what level of technology we should offer. It was a rather contentious process. I think the State Department tended to push for perhaps a bit more liberalization there in line with our strategy of trying to build greater ties with countries than the Defense Department found acceptable.

Q: How did we view the economies and technical abilities of Hungary, Poland, and Bulgaria?

PRIMOSCH: We saw Hungary among the Soviet bloc countries as the more advanced just because they were more Western oriented. Some of the Hungarian companies seemed to be doing a little bit better in terms of exporting and seemed to be a little savvier. It was probably more marginal than we had thought. Poland might be next on the list. Bulgaria was at the bottom. Bulgaria considered itself almost at that time as another republic of the Soviet Union in terms of their relationship with the Soviets. They were rather cool and distant toward the U.S., but still made somewhat of an effort to develop their trade ties because they were getting so little from the Soviets in terms of advanced technology. But that gets back to the issue of to what extent this technology might be migrating to the military sector. There was a lot of concerns there.

Q: Were the Poles and the Hungarians rather aggressive – the people at their embassy and trade delegations? Was there the sense that they realized they were tied to a sinking ship?

PRIMOSCH: No, I don't think so. There was a recognition, more so with Poland and Hungary, that there were real limits to what they could attain from their relationship with the Soviet Union. With Bulgaria you sensed more of a comfortable relationship but certainly not with Poland and Hungary. Of course, you had in Hungary the 1956 rebellion and the residue of that was evident. Poland has always been Western oriented. It was during my stay on the desk when we had the Polish labor strike and Lech Walesa came to prominence at that time. There were already tensions between Eastern European countries and the Soviets and particularly with Poland.

Q: Did we see economics as a weapon of prying these countries loose from the Soviets to a limited extent?

PRIMOSCH: Definitely. That was part of the strategy. We were perhaps a bit naive as to the extent to which that was real leverage and that we could leverage political change through more economic contacts. It was only when the system literally collapsed that you saw real political change in the country. You saw some change around the edges perhaps from contacts with the West. For example, there was a certain relaxation of their own internal policies although I don't think ever as much as we wanted. Even in Romania, where we made very strong efforts in terms of developing our economic relationship and courting Ceausescu, the toughest of all the Eastern and Central European communist governments, and the government never really loosened its internal political and economic policies until the very end.

Q: Did you get any pressures from Congress, congressmen from Chicago, which is the largest Polish city after Warsaw? Did this translate into pressures on you all?

PRIMOSCH: Certainly with Poland in particular, there was a lot of congressional support which was derived from the large Polish-American population to do whatever we could to develop our bilateral relations. Poland got a lot of special treatment because of its political support within Congress. It was the only East European country that got MFN tariff treatment very early on. The others got it on the basis of an annual waiver review countries' willingness to permit Jewish emigration under the so-called Jackson-Vanik amendment. Poland had it on a permanent basis. Congressman Charles Vanik, who just happened to be from the Cleveland area where I am from, was active in trying to encourage relations with East European countries.. I think his background was Czech or Slovak. He supported initiatives to advance that goal. I wouldn't call it pressure, but as it turned out for those who were trying to implement our strategy for Eastern and Central Europe, it was helpful support generally.

Q: What were you getting from your colleagues? You were dealing with the economic side. What about the ones who were dealing on the political side? Was there a cause and effect of more liberal economic policies…

PRIMOSCH: My recollection was that we worked well together. The political and economic strategy tended to complement one another. There were some difficult issues usually involving political dissidents. People tend to forget the arrest of political

dissidents at that time and Jewish emigration, particularly from Romania more so than from other countries, were very big issues in our relations. Defectors were also a big issue, particularly senior level political defectors, and there were a number of them, including the former ambassador to Washington from Poland. He is a nice guy, Ambassador Romuald Spasowski, a very intelligent guy. He later wrote an interesting autobiography. He had defected shortly after I left the desk, but I had met him many times. My political officer colleague who dealt with Poland and I would go down to meet him and we would chat in the elevator coming up to the seventh floor. The ambassador's wife was a very fervent Catholic. Apparently, even the ambassador was trying to reconcile himself with his Catholic roots. He would lecture my fellow colleague from the desk about how he needed to go back to the Church. We found this rather bizarre, getting a lecture from the communist ambassador from Poland that we needed to be better practicing Catholics.

Q: I am told by people who were serving in Poland at the time – some of them said that they were convinced that there were at least three communist believers in Poland – others disputed this down to one. Was it pretty obvious that the intellectual support for the communists had pretty well disappeared or were dissipating?

PRIMOSCH: I wouldn't put it in those terms. Looking back, you can see in so many different ways that it was dissipating in the '70s and by the '80s it was just a fragile hallow chamber that was waiting for something to knock it to pieces. But at the time, I don't think anyone had an expectation that there would be radical political change in these countries. We knew that East European countries were Western oriented. Many of the people we dealt with clearly liked you and the United States. But there was nothing that indicated imminent demise of the system. Until the labor strikes in Poland in 1981, it was hard to recognize cracks in a dictatorial regime where you see police out in uniform and armies at the borders. One of the things that always struck me and probably anyone who traveled to that part of the world was crossing a border and seeing armed guards with automatic weapons and the barbed wire and the dogs trying to keep people in and undesirables out. You look at that very impressive physical police and military presence and it's hard to see where the weaknesses are, even though you know the people are dispirited. You know perhaps a majority of people don't like the regime, but you don't see a means for change. The Hungarians tried it and in '56 were brutally crushed. The Czechs tried it in '68. They failed. It didn't look like a regime that was dissipating and about to collapse.

Q: You had this job during the initial strikes in Poland.

PRIMOSCH: Yes.

Q: What were we getting on that?

PRIMOSCH: It began at the Gdansk shipyards. There are major shipbuilding facilities in Gdansk, and shipbuilders were some of the more radical trade unionists. Lech Walesa, as I recall in a scene that is almost out of a Russian melodrama of how the October

Revolution started, got up on a platform outside the shipyard gates and rallied the workers to defy management and go on strike. It resulted in massive strikes throughout the country. At the time, the perception was not so much "Is the regime going to fall apart" but "Are the Russians going to invade?" That was very much a concern. I didn't have access to all the intelligence reports, but there were some that seemed to indicate some mobilization, some indication that the Russians were ready to move in. This is what General Wojciech Jaruzelski, who was the Polish general who emerged as the government leader after the strikes and declared martial law, said he was trying to prevent by declaring martial law and cracking down on the dissidents. He said, "This is necessary to prevent Soviet invasion." That's indeed what we were fearful of.

Q: In the Eastern European section, how close were you to the Soviet desk?

PRIMOSCH: Actually, not that close. We had some contact, but on the working level, there was not that much.

Q: We're asking now in 2001. All of us are looking back to '89 and what happened. While you were there, was there any intonation that the Soviet Union's economic policy was sort of a dead end, that eventually this was going to bring everything down? It really was the economics that did it.

PRIMOSCH: I agree. I think there was a growing realization that the Soviet system couldn't keep up and couldn't produce. There was a sense that East Europeans because they were a little more open to foreign investment and trade, had perhaps somewhat more motivated workers, were more accustomed to Western work habits, that they were a little bit better off. In fact, the visible standard of living in places like Budapest and even Warsaw were noticeably better than in much of the Soviet Union. But where this was going to lead, at that time, you kind of had a sense that the Soviet government couldn't get itself out of this dead end, but no one expect collapse to happen anytime soon.

Q: I've had people who've said that they were either German experts or Soviet experts or what have you and by the early fall of '89, they had no intimation that this thing would come falling apart the way it did. Of course, this is the thing with a dictatorship. When the powers that be lose the will to enforce it, it does fall. You just don't know when that will will be lost.

PRIMOSCH: It's not only the leaders, but it's also the troops. At some point, they don't believe that the orders will be carried out and at that point the game is over.

Q: In '81, whither?

PRIMOSCH: In '81, I had a transition to the mid-level economics course and from there out to Thailand in January of '82. This mid-level course was for people who had been in five or six years.

Q: How did you find the course?

PRIMOSCH: I thought it was pretty good. We had more economic training, and the program was better focused there. There was public speaking training and leadership training. Overall, it was pretty good. Others felt differently about it, but I drew upon some of the training later on, so I thought it was useful.

Q: You were in Thailand from '82 to when?

PRIMOSCH: 1982 to mid 1985

Q: What was your job when you went out there in '82?

PRIMOSCH: I had a rather unique position within the embassy. There is a UN regional economic commission located in Bangkok called the Economic and Social Commission for Asia and the Pacific (ESCAP). It is a regional UN center whose purpose is to promote economic and social development mainly in the developing countries. Following World War II, the United States along with Britain, France, and Japan were the founding members. Half to three quarters of the time was to attend meetings at the UN body there and to meet with officials and try to get U.S. agencies involved in some of their activities. I did have some contact on internal Thai issues. I picked up a number of different portfolios – things like minerals and some of the oil industry development, which were important for Thailand's economy at the time. But I spent much of my time involved in the UN activities.

Q: With the UN activities, how did that mesh with ASEAN?

PRIMOSCH: Really the two didn't mesh much and that was another area which I was also following while I was in Bangkok. The ASEANs within the UN were usually acting together on a lot of different issues. To that extent, there was an ASEAN component, but it was more in terms of their voting within the organization and organized activities.

We had some economic activities out of the embassy involved with ASEAN and trying to promote ASEAN as a forum for Asia, as a forum for promoting economic development. We helped found ASEAN after World War II.. The United States still attended a lot of ASEAN meetings.

Q: Did you feel at least that you were an adjunct of our International Organizations Bureau?

PRIMOSCH: Yes, because the International Organization Bureau was the bureau that backstopped the regional UN economic commissions. Some of their people would come out to the meetings and provide support for that particular function at the embassy. It was a unique economic section function. I found it interesting in many respects because you dealt with all the countries of the region and had an opportunity to meet a lot of different people?

Q: What were some of the issues that you were dealing with?

PRIMOSCH: The overall thrust of our participation was to try to project a presence within the region, try to use this to enhance our presence and interest in the region. My impression of the UN is not very high as a result of that experience. There is a lot of talk and a lot of paper. It doesn't tend to accomplish all that much. I viewed my role as trying to project in statements at the meetings the U.S. perspective on particular development issues and occasionally some political issues came up. We were trying to encourage these countries, which at that time were still flirting with socialism and a more statist approaches to economic development, to recognize the merits of a more market-oriented approach as we had in the United States.

Q: Some of the countries one thinks of would be Thailand, Malaysia, Singapore, Indonesia, the Philippines… Vietnam wasn't… I don't know whether Australia was in there.

PRIMOSCH: They were in the UN organization, not in ASEAN.

Q: It's a very dispirited group of countries going off in different ways. Were they at least under UN auspices working together?

PRIMOSCH: For ASEAN countries as a group, the UN didn't help them very much. ASEAN members, though, clearly had a political sense of identity as a regional grouping. The Thai certainly felt that way. Their strategy was to act as a group because they could get the attention of the United States and Japan and even Europe. Politically it was thought that they would have a much more powerful voice if they spoke together, if they acted together on some of their foreign policy positions. In fact, they were effective in that respect. One of the forums that worked well for them and that they still have is the ASEAN Post-Ministerial Meetings. The ASEAN foreign ministers met together and then they invited the United States, the European Union, and Japan to attend a post-ministerial conference. If any single one of those countries had invited the foreign ministers from the West to attend, they wouldn't bother. But the opportunity to meet all five or six (with Brunei) foreign ministers of the ASEAN countries and talk about regional issues did attract the EU at a senior level and the United States. Secretary of State George Shultz came out to a couple of meetings in the region when I was there.

Q: The U.S. normally made a point of going to that.

PRIMOSCH: That's right. That was an opportunity to have contact with all Southeast Asian governments at a very high level. It served both our and their interests. We needed an excuse to get out there to the regional but just to go out and visit one Southeast Asian country, secretaries of State aren't going to bother.

Q: Was Burma sort of an outcast?

PRIMOSCH: Yes, it was still an outcast. We had some Burmese friends in Bangkok; they

were kind of political émigrés. There was a significant community in Thailand of Burmese. The Thais didn't like them. This dislike for Burmese probably goes back hundreds of years. The Thais are polite to everyone, but they really didn't like the Burmese. But Burma was considered an outcast country.

The other big issue that was somewhat coming to an end but was still significant to us with Thailand was a huge border population of refugees, mainly Cambodians, some Vietnamese. There were also a lot of Vietnamese "boat people," people who escaped from Vietnam on rickety boats and ended up on Thailand's southern coast.. Many refugees, however, were on the Thai border with Cambodia. There were also camps in southern Thailand where the boat people tended to end up. how the Thai government treated refugees was a big issue. Thailand really didn't like having all these refugees in their country. Initially, they were very hostile and uncaring. I understand that when Mort Abramowitz was ambassador to Thailand, he took this on as a key policy issue. People have said that if it wasn't for his direct intervention, there would have been thousands who would have starved to death because the Thais just weren't going to do nothing. Ambassador Abramowitz finally shook up everyone, including our own government, to intervene and provide what was needed for the refugees. When I was out there, there were several hundred thousand refugees in camps on the border.

Q: What was the role that China was playing, particularly in the economic sphere?

PRIMOSCH: China was trying to project more influence in the whole region at the time. My impression was that they were rather clumsy at it. The Chinese did participate in the UN regional organization. They were rather friendly to other representatives there. The Russians were also there. But I didn't get the impression they were all that effective. The Thais, however, are very astute at judging power relationships and had launched a number of initiatives to try to improve relations with China. They were very wary of offending the Chinese in any way. Even when we pushed them to take some hard stands on issues, you could tell they were reluctant to do that because this was a small neighborhood and the Chinese were the big boys in the neighborhood.

Q: I'm sure you were dealing with the UN bureaucracy there. What was your impression of the international bureaucracy, the UN, as it projected into where you were?

PRIMOSCH: I did not a very high assessment of the UN bureaucracy. They were usually very nice people. A lot of them were from South Asia or some from the region there. I got the impression that they valued their UN employment as exceptionally good jobs and they were going to hang on to them. They didn't do a lot as far as I could see except organize meetings.

Q: You're talking about Indians and Pakistanis.

PRIMOSCH: Yes. A lot of the UN employees were nationals of these countries. The UN employees were very nice and professional in some ways, but they didn't get very much accomplished.

Q: How did you find living in Bangkok at this particular time?

PRIMOSCH: Overall, it was an interesting experience. It takes a while to get used to the tropical heat. In Thailand, you can never get away from it. In Malaysia, you can go to the mountains.

Q: You can go North, yes?

PRIMOSCH: That's one of the things that for a while is enervating, the heat and the sense that there is no place you can go to get away from it. In Thailand, you could go way north into the mountains around Chiang Mai, but in most of Thailand, it was very hot most of the year. There was about six weeks where it was very pleasantly warm. But the heat really saps you. I got used to it over time. Some people never get used to it and never really like it. Compounding that, Bangkok is a bit of a mess of a city and very congested.

Q: It's worse now.

PRIMOSCH: That's what I hear. Traffic is bad. I know the traffic is much worse now. It's a bit of a dirty city, too. There were some very nice hotels and restaurants, but there were some very trashy parts of the city, too. Overall, the combination of the heat, the traffic congestion, and aesthetically the city not being very nicely built could get to you over time. But the Thai people are very nice. They are generally nice to all foreigners, but they really like Americans and were generally very easy to deal with.

Q: Who was the head of the economic section?

PRIMOSCH: During most of the time, it was Paul Stahnke, who is retired.

Q: Were you off to one side?

PRIMOSCH: I worked under Paul. He was technically the permanent representative to the UN, but he didn't attend many meetings. I attended most of them. Then I would work under his direction for other parts of my portfolio.

Q: Did you get a feel for the Thai economy as it contrasted to Singapore or Malaysia? How did you see it adjusting to the changes in the world economy?

PRIMOSCH: Thailand was generally considered even at that time to be one of our success stories for economic development. After World War II, it was a rice-growing economy. There was no industry there to speak of. The Thais were generally very pro-market in terms of their approach to economic development. The government didn't get involved in a lot of things. You saw a lot of very interesting dynamic economic developments in Thailand as a result. Thailand had a very well developed agricultural sector. It used to be just rice. But Thai farmers were so flexible and responsive to the market that they began growing many different types of crops. Anything they could grow

in a tropical climate, they would grow. All kinds of interesting fruits and vegetables and corn, and other crops that we grew in the West. They were very entrepreneurial. It helped that Thailand had a strong Chinese immigrant presence. Many Chinese immigrants has been there for 100 or 200 years, so it's not as if they were recent émigrés. Most of the business sector, as it is in much of Southeast Asia, is controlled by Chinese immigrants. They're very entrepreneurial. Thailand was considered to be a strong and growing economy at the time, although there were still a lot of poor people. Most of the farm sector consisted of poor farmers, but you could also see very visible growth there. The Thai economy was considered rather successful, although not as successful as Singapore, which was the premiere economy in the region. Malaysia was also considered to be very strong. Then probably Thailand after that.

Q: Did you have family there?

PRIMOSCH: Yes, I had my wife, who gave birth to our third child there. I had three children in Thailand with me.

Q: How old were they?

PRIMOSCH: I think they were six, four, and then my youngest was born over there.

Q: You didn't really have to worry then about the pernicious influences of Thailand which hit some of the teenage kids.

PRIMOSCH: No. That wasn't a problem. I understand that drugs had been a big problem, particularly before I had arrived. Someone told me that a couple of teenagers had died from drug overdoses at the international school. Even after I had left, one family had to be sent back because their teenage children got involved in drugs. The drugs and the sex, massage parlors and bars, was pretty wide open. So, if I had teenage children, I'd be very concerned about the influence of that.

Q: In '85, you left Thailand. Where did you go?

PRIMOSCH: I was initially supposed to go back to Romania. I started language training, but we had a family medical problem, so I had to terminate that assignment. I picked up eventually in the Office of Monetary Affairs, which at that time was dealing a lot with Third World debt problems.

Q: You were in the Economic Bureau from when to when?

PRIMOSCH: I started there in the summer of 1986 and went on through '88.

Q: Third World debt was an issue that really concerned the U.S. It concerned everybody, but… It was a north-south issue for the most part. What aspect did you have of this? This was during the Reagan administration.

PRIMOSCH: People forget what a big issue that was back in the late 1980s for developing countries around the world, particularly in Latin America and some of the Central European countries (e.g., Poland), some of the North African countries, too, and Nigeria and Sub-Saharan African countries. Asian countries had less of a problem. Basically, these countries had borrowed too much. International banks made credit too easy, and the countries never developed the export capacity to service the debts. We spent a lot of time trying to figure out how to deal with the problem. The Treasury Department had the lead on that, but it was such a big foreign policy issue that the State Department felt that it had to get involved. At least we tried to stay involved, but this was a source of bureaucratic fiction with the Treasury Department because it considered Third World debt to be its issue. The office spent a lot of time on debt issues involving Central Europe, Poland and Yugoslavia being the two countries of greatest concern. Much of the debt these countries owed the United States was U.S. official debt. I often jokingly said when I was on the Polish desk, I recommended that we give two billion dollars in agricultural credit so the Poles could buy U.S. grain and then I went to the Office of Monetary Affairs and tried to figure out how to collect it when they couldn't pay.

Q: You were mainly working on the Eastern European side?

PRIMOSCH: It was on Eastern Europe, but there was also one kind of unique issue which I spent a lot of time on. It involved Foreign Military Sales (FMS) debt. The United States in its effort to help countries build their defenses against the communists, the threats of communism, had lent a lot of money to countries all over the world, particularly the Middle East, to buy weapons. But it was awful the way it was provided, with commercial interest rates as high as 10 percent or more. Basically, we provided the credit at market rates over long terms. Some of these countries, particularly Egypt, had borrowed billion dollars to buy arms. Of course, Egypt is a poor country to begin with. You don't create any economic capacity when you borrow to buy tanks and weapons. Then lo and behold, we're surprised that they can't pay it back. What do we do? The U.S. Congress, being very cheap, didn't want to write it off. They had borrowed, which today seems like extraordinarily high rates, 10 year loans at nine to 11 percent. By the late 1980s, the interest rates had started to decline and these countries were complaining 1) we've got this huge debt and 2) it's at very high interest rates. How can we possibly pay it back? Can't you help us? We did an awful lot of running around in circles trying to figure out how to lower the interest rate payments on that debt. In the end, the solution was provided by the Gulf War. All the countries that had supported the United States or participated in the allied force that went into Kuwait were forgiven their debt. That was the one of the greatest financial benefits offered to Egypt. In one fell swoop, they had billions of dollars of debt written off.

Q: As one was working on this, in one way or another, you were going to have to write this off. One can talk tough, but you're not going to drive a country to its knees when you've persuaded them to buy military equipment.

PRIMOSCH: It seemed pretty evident to me that that was the only outcome, but at the time the Congress was being very hard-nosed that they would just not accept debt write-

offs, particularly of this scale. There was a fear of setting a precedent that would migrate over to the commercial debt owed. The Export-Import Bank had also had a lot of loans to these countries that they were having difficulty servicing. Commercial banks were worried about the problem because if you started encouraging countries to think that you could write that off then they would want their civilian private bank debt written off. So there was great resistance to this even though it seemed pretty evident. Egypt is a perfect case. They had billions of dollars in military debt which had very high interest rates and an economy that's not producing much. They were just not going to be able to pay. But when you write off debt, you have to adjust the budget to account for lost income and that means Congress had to cut spending in some other domestic area or in the defense area. At the time Congress was just not willing to do that.

Q: When there was a big debt crisis that involved Brazil and Mexico, did that come at that time?

PRIMOSCH: Brazil was undergoing debt problems at that time. I think the big Mexican crisis came later. It wasn't something I was focused on.

Q: Did you get any feel that Shultz was personally engaged in the economic side of things?

PRIMOSCH: He was interested and was very knowledgeable and took a personal interest in Third World debt as a policy issue. He probably was the only Secretary of State who, because of his experience and academic qualifications, could interact on a peer basis with the Secretary of Treasury. So he was actively involved and probably energized the State Department to be more actively involved on these issues than another Secretary of State might have. He wanted to keep up on both the policy and economic analysis. He met fairly regularly with the Secretary of Treasury to discuss these kinds of issues.

Q: You left in '88. Where?

PRIMOSCH: Then I went over to the Asian bureau. I got a surprise call from the China Office asking if I would like to serve as their deputy for economics and trade. I didn't know much about China. I had served in Thailand. They wanted someone who knew something about the economy, international economic policy and trade and debt. So, I was asked to serve there in the China Office of the East Asia Bureau. At the time, Stapleton "Stape" Roy was the Deputy Assistant Secretary for China.

Q: You did this from '88 to '91.

PRIMOSCH: I was there for three years, including the Tiananmen Square massacre.

Q: Let's do it prior to Tiananmen, which was June '89. What was our stance economically towards China?

PRIMOSCH: It was very similar to what it was toward Eastern and Central Europe a

decade earlier. The strategy was to try to encourage China to have more contacts with the West. There was almost a missionary fervor in thinking that if we could just bring the Chinese at all levels into greater contact with the West, if we could expand trade with the West, that this would stimulate internal change that would be more liberalizing and might encourage democratic yearnings and a democratic transformation. This was very much the thinking that we had in Eastern Europe in the '60s and '70s. It was a very similar kind of policy only it was much more comprehensive because we were trying to deal with the Chinese at almost all levels. For example, I was also involved in trying to promote the science and technology cooperation. This was also a major effort. There were a lot of U.S. scientists visiting China, and a lot of Chinese scientists coming to the States under a joint science program. We negotiated a new science agreement when I was on the desk. We also had a big joint economic commission with China where we met at a high level. The Secretary of Treasury was involved and the Secretary of Commerce. It was very similar to what we did with Eastern Europe only on a much bigger scale.

Q: China has the potential for being such a major economy that it would do to us what the Japanese had done to us, use us as a market and there wasn't much of a return for us…

PRIMOSCH: No, I don't think it was so evident at that time. Actually, it was looking the other way in which many American corporations are still optimistic about the potential of the Chinese market. "There are 1.2 billion people who need to buy Cokes and hamburgers and tractors and machine tools, and if I can just get into that market, I'll be on easy street."

Q: There was a book that came out in the '30s called "Oil for the Lamps of China." If we can only do this… I recall someone wanting to sell caskets. He thought, "Wow, what a market for caskets."

PRIMOSCH: I think that in essence was the mentality of a lot of American businesses at that time and still is. If somehow they could crack that market, they would have enormous sales opportunities. The China market has developed much faster than we had thought it would 11 or 12 years ago. When I visited there, you could see the beginnings of market economy develop, and the Chinese had a great interest in Western technology. A lot of companies were starting to go there. But China was still also a very backward place.

Q: Did you get involved in either backstopping or dealing at any level in negotiations with the Chinese?

PRIMOSCH: Yes, we were involved in a couple of different negotiations. One involved China's membership in the WTO, which started back in the late 1980s. We had two or three rounds with the Chinese before Tiananmen Square. It's rather interesting that because of the desire to have better relations with the China, the Chinese at that time could have gotten had a very easy deal that required few concessions. We were making almost minimal demands. The Chinese, though, were smart by a half. They always

thought that they could get a better deal with even fewer commitments. Ten years later when the Chinese finally resumed negotiations, they had to make extensive, comprehensive commitments to reform their economy and open up markets. If they cut a deal back in the late 1980s along the lines that USTR was proposing at the time, it would have had to make very little in the way of commitments. So, their delay was costly in some respects, although their commitments are going to help promote the kind of reforms that they want to do anyway. However, it's going to be very painful.

Q: Did you get a taste of the Chinese as negotiators?

PRIMOSCH: Yes, a little bit. I traveled three times to China when I was on the desk. A couple of times we had to cancel out. I was supposed to go there a week before Tiananmen, but it looked like situation was going to worsen, so we decided not to go.

But there are a couple of interesting things about their negotiating style. Their overall approach to dealing with foreigners was to win friends. The Chinese can be very charming to deal with. If you ever go to dinner with the Chinese, you're going to have fun. They're good jokesters. They're friendly. And they like to tell stories. They're a lot of fun to be around. We went many times to the Chinese embassy for dinner. They're very good entertainers. They treated everyone well, from the lowest person on the office staff up to the ambassador. Their approach was to win friends. Their thinking was: "We want to have people all over who are friendly to China." Of course, they're going to try to use that friendship. It's a very clear strategy of trying to win friends, and they can be very charming at that.

The other thing I found very strange in the Chinese mentality is, they have this notion – and I saw this in the newspaper recently with regard to the downing of the U.S. spy plane in China– which they repeatedly referenced and which just sounds so bizarre to Americans. If we did something the Chinese didn't like, their way of trying to put us on the spot was to say, "Well, you have to understand, this hurt the feelings of the Chinese people." I don't know how many times I heard that. I think it was the Chinese ambassador who said almost the exact same thing about the aircraft. "You hurt the feelings of the Chinese people and now we have to make amends."

Q: Of course, our mantra is, "We'd love to help you, but we have Congress to deal with." After Tiananmen, what did you do, just fold your tents and twiddle your thumbs?

PRIMOSCH: In some respects, while there was a huge amount of work to do after Tiananmen, mainly just to preserve the relationship because there were those in Congress who wanted to retaliate in various ways against China, most importantly by trying to take away their most favored nation (MFN) trade status. This had to be renewed every year for communist countries under the Jackson-Vanik provisions (of the Trade Act of 1974). The requirement stays in effect until China becomes a member of the World Trade Organization (WTO), in which case we have to provide it on a permanent basis. We spent a lot of time trying to manage the relationship, prevent further damage and get the Chinese to do something to show that they weren't brutal dictators. We also had an

incident at the embassy Beijing. There was a Chinese physicist, Fang Lizhi who was an outspoken human rights advocate and who had secretly sought refuge in the ambassador's residence during the Tiananmen Square protests. A very delicate negotiation went on for months to get Chinese permission to have Fang Lizhi leave the country. There was also some concern during that time that the Chinese might even try to break into the residence and snatch him. So we also had in mind the potential threats to the security of the ambassador that such an occurrence might involve. The two years after Tiananmen were very busy and very difficult in terms of dealing with the Chinese.

Q: Did you find yourself going over and explaining to particularly the congressional staff…

PRIMOSCH: Not so much me. That was more done at the senior level. But the congressional dimension took a lot of time.

Q: In '91, what did they do with you? It was about time to go out again.

PRIMOSCH: I had a year at the National Security Council. That was in '92-'93. I was at the NSC working in their Economic Office.

Q: One always thinks of the National Security Council as politics. Was this the end of the Bush administration?

PRIMOSCH: I straddled the two administrations. The Bush administration was winding up and Brent Scowcroft was the National Security Advisor at that time. I worked for Eric Melby, who was the senior director for International Economic Affairs. There were a few issues that were still percolating. We were trying to wrap up NAFTA as an agreement. President Bush had launched the initiative for the Free Trade Area of the Americas [FTAA]. That was back in '92 and President Bush had hoped to follow that up in the second administration. We had some difficult trade problems with the Japanese and with the European Union that we were dealing with at the time. So, there was a fair amount of activity during the final year of the administration.

Q: What was the feeling about NAFTA? It became an issue during the election of '92. Ross Perot was running on the independent ticket and he was talking about "Mexico is going to absorb all our jobs." It got to be very populist. What did you all do?

PRIMOSCH: Still in '92 the United States was just wrapping up the negotiations, a very complicated set of negotiations. Part of the complications involved issues like labor rights and the environment that are still active issues. The issue of having Mexican truckers being able to drive into the United States was also prominent in the negotiations. That was something that was handled rather late in the negotiations. The agricultural negotiations were very complicated as well. There is a very complicated system of controls to limit the importation of Mexican fruits and vegetables. California and Florida farmers were concerned. I think the Republican administration and President Bush were just convinced that NAFTA was a good deal for the U.S. and that this would be obvious

to everyone. Mexican tariffs were very high. Our markets were relatively open. This large tariff differential continues to be a reality in almost all our negotiations with developing countries. Our markets are already open. When the U.S. negotiates a free trade area, it is basically lowering the other country's tariffs and providing only a marginal lowering on our part. But still there was a sense among the labor unions that, well, this is going to open the flood gates to cheap foreign manufactured products. I don't think the Bush administration fully grasped how sensitive the issue was. Officials were just convinced that this was a good deal, that when you lay it on the table and you point out some of the obvious benefits like lowering these very high Mexican tariffs, that people will see that this is in our interests. Of course, the unions looked at it from a different perspective and saw more risk and threat.

Q: During the transition, the NSC is so much a creature of the President and it changes, the way it operates with each new administration. How did that affect you?

PRIMOSCH: It did affect the way the NSC operated. (end of tape)

Q: You were talking about dealing with Brent Scowcroft.

PRIMOSCH: The way the system was set up in the Bush White House, you had pretty direct access to the National Security Adviser. If you knew an issue needed to come to his attention and maybe to the President's attention, you had latitude to raise it. Brent Scowcroft was very close to the President. There is a big difference between an organization like the NSC and the State Department. You would literally go into Scowcroft's office and brief him on an issue, and he could either deal with it or bring it to the President's attention. Then we went into the Clinton administration. The NSC was hived in two, the regular NSC and a newly established National Economic Council [NEC], which Bob Rubin headed initially before he went on to become Secretary of the Treasury. That was an attempt to do for national and international economic policy what the NSC did for more political foreign policy, that is, effectively shape policy issues, the presidential decisions and communication on economic issues, like the NSC did on foreign policy issues. I think initially, at least, President Clinton had a much more ambitious economic agenda starting with the comprehensive health care reform plan. He originally also had very ambitious plans on energy policy. So, the idea was to provide that same kind of structure for decision making on economic issues that the NSC had traditionally provided on foreign policy. But It didn't work out that way.

So, the end result was that the international economic side of the NSC had less influence and less direct contact with the President.

Q: When the President came in, President Clinton, his focus was very much on the domestic economy.

PRIMOSCH: That's right, and trying to at least "revive" the economy, which looking back was already reviving itself. But that was the thinking, that there needed to be more government intervention. The focus of the NEC at that time was more on the domestic

economy.

Q: In '93, you did what?

PRIMOSCH: In '93, I ended up going back to the Department for a short time in the Asia Bureau. I was working on China's most- favored-nation trade status renewal and spent a short time working with Winston Lord, the Assistant Secretary for Asia and Pacific Affairs, on that issue. We were still dealing with the fallout from the Tiananmen Square massacre, and relations with Congress over China's trade status was very sensitive. There were expectations, which proved to be unrealistic, that China would make some gestures towards human rights and internal relaxation as a condition for MFN approval. The Chinese, however, were very resistant to that. In the end, we had to try to convince the Congress that, "Even though we told you we thought the Chinese were going to do certain things internally on human rights, they're not going to do it, but it's still worth renewing China's trade status."

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Q: Today is August 6, 2001. NSC. You were with the NSC from '93 to when?

PRIMOSCH: I spent a little over a year there. I started in the late spring of '93 and that was the last six or seven months of the first Bush administration, Bush Sr., and then continued through midway through the summer of the Clinton administration in which we brought in a lot of new people. I worked in what was called the International Economic Directorate. Eric Melby was the senior director. He had worked at the State Department, although he was not a Foreign Service officer. Brent Scowcroft was the National Security Advisor. There wasn't a lot of activity at that time. The Bush administration was winding up. A lot of focus was on the campaign. But there were some issues, particularly trying to bring the NAFTA negotiations to a closing and also the Uruguay Round, where the NSC was brought in a few times to try to be helpful. Brent Scowcroft was a very smart man and a real military strategic thinker. He did not have a great interest in international economic issues, but one of the things we always appreciated was that at least he was prepared to help if we made a request. If we said, "We think the President ought to raise this with a particular leader," Brent would make a point of being helpful and trying to get it on the President's agenda.

Q: You were in the international economic directorate at the NSC?.

PRIMOSCH: It was the directorate in economics and trade at that time. There was also some environmental work going on. But the focus was on winding up NAFTA and the WTO negotiations. There were also some problems with Japan relating to its implementation of a bilateral semiconductor agreement that set targets for U.S. semiconductor sales in Japan. This concern seems rather odd now that Japan's economy is in the dumps and is not seen as much of a threat to the U.S. in economic terms, but in the early '90s, the Japanese were riding high on their horse and everyone looked up to them with admiration for their manufacturing successes. Particularly in the information

technology area and semiconductors, they were considered to be the real threat to the U.S. industry. So the United States had an agreement with the Japanese that tried to guarantee access for U.S. semiconductor companies in Japan and had some limits on what the Japanese companies could do here. In retrospect, it doesn't seem terribly significant, but at the time that was a rather important political issue.

Q: What about the NAFTA? The Bush administration had brought this up almost to fruition and then it left.

PRIMOSCH: That's right. U.S. trade officials had really done all the negotiations. They were done principally at USTR. There wasn't a lot of White House political intervention to try to close the deal. Carla Hills was the U.S. Trade Representative at the time, a very able negotiator. A few times, we were asked to become involved, but it was done mainly at the U.S. Trade Representative's office and it was almost concluded at the end of the Bush Administration. The negotiations then spilled over into the Clinton administration, and two new issues emerged that have now become more prominent in international trade negotiations: labor and the environment. The Clinton administration under U.S. Trade Representative Mickey Kantor went back to look again at the Bush NAFTA agreement and renegotiate certain provisions that dealt with labor and environment.

Q: You were with the NSC during the transition?

PRIMOSCH: Right.

Q: Was it a friendly transition?

PRIMOSCH: It's rather interesting when you're in a political environment. There is kind of "our guys versus the outsiders" mentality. With Bush, I think because I had known some of the people on the NSC – in fact, there were several State Department officers who were assigned to the NSC at that time – I had a rather smooth transition. When the Clinton team came on, I think it was very clear that "This is our team and we want to assemble our own people. You're just a State Department guy. You didn't work on the campaign, so you're really an outsider." They weren't unfriendly, but it was very clear who was an "insider" and "outsider."

Q: So did you go looking around for what to do?

PRIMOSCH: I wasn't sure for a while whether they would want to keep me on. I got a fateful call from Tony Lake, who was the National Security Advisor at the time, on a Saturday afternoon saying that they had decided that they were going to bring in new people and that I would not be kept on. I was not terribly surprised at that. I was hoping that I could stay on because it was interesting work, although they had changed the structure of the NSC at that time. When I had started under Bush, the International Economic Division was part of the NSC structure and then Clinton decided that they wanted to have a separate National Economic Council. So, our office was broken off from the NSC. We were considered a combined office, but effectively we were outside

the NSC. Bob Rubin was the national economic advisor, a very interesting person, obviously very smart, but extremely atypical for Washington. He was low key, understated. Even his manner of dress was. Where everyone else on the White House staff had the latest style of suits, he looked like he got his off the rack from a rather low budget store. He didn't carry fancy leather briefcases, but had an inexpensive little collapsible folder that carried all his papers. He was a very nice person. He obviously he felt confident enough that they knew what he was doing and didn't have to impress anyone.

Q: What happened? Were you doing much work for them?

PRIMOSCH: It was kind of slow. Again, I think it was the sense of the political team wanting to keep control of the important work. I didn't have a heck of a lot to do at that time. One issue that I helped to negotiate that actually turned out to be rather significant had to do with Russia's interest in using their former military rockets to launch U.S. communications satellites. At that time, the U.S. was the only country that made the whole range of communications satellites. Satellites happen to be on the U.S. Munitions List, which means it's a militarily controlled item. So, any country that wanted to launch a U.S. satellite had to get a license from the State Department. The Russians came to us for help. This was at the time of their political transition. The hard-line communists had fallen from power. The new government asked, couldn't we help them by allowing them to use their rockets to launch our satellites, which made perfect economic sense. From a foreign policy sense, it would have helped the Russians. But our rocket launch industry was much opposed to that because it turns out that we had expensive rocket launchers which are geared mainly to military uses. They were the "gold plated version" of what it takes to put a satellite up. We had to negotiate an agreement with the Russians that would enable them to launch only a limited number of satellites a year. We had a similar agreement with China that I also helped to negotiate. So successfully concluding those negotiations and the interagency deliberations involved was one of my concrete accomplishments at the NSC. I was the intermediary for negotiating the position among the agencies as to what the terms of this agreement were going to be. It was eventually signed before I left.

Q: How did they deal with the fact that our commercially launched people were not happy with this?

PRIMOSCH: Basically we addressed U.S. industry concerns by putting a quota on the number of satellites that Russia could launch. Our industry was concerned because these Russian launches could be done for a couple of million dollars. U.S. companies were charging $40-50 million. The whole U.S. industry was concerned. I don't know whether the civilian launch industry would have collapsed, but it would have been under severe stress if we allowed unlimited access. There was no real national security reason why we needed such an agreement. Some arguments were made that the satellites could be misused for military purposes. Therefore, we had to control the satellite technology itself and be sure the application was for civilian telecommunications use. Eventually, Russia did sign the agreement, even though it kept a rather low cap on what the Russian could

launch. I think that agreement remains in place although it might have been modified.

Q: Did you see a change in the outlook in the people who came into the new NSC, the economic people?

PRIMOSCH: I think they were rather inexperienced. Of course, Bob Rubin is not inexperienced in the sense of someone who knows international finance, but he was new to government. The people he brought in under him were new. Sandy Berger at the time was the Deputy National Security Advisor. He was a lawyer who did some international practice which mainly, I think, was dumping cases. He didn't have a lot of experience with government, but I think he proved himself to be a very able person in that position. Eventually, he took over from Tony Lake. I sensed a lot of learning during that first six months and a lot of distractions. I remember walking into Sandy Berger's office. This was within weeks after the new team was there. They were talking about gays in the military and trying to figure out how to change the policy and deal with the press. They were spending a lot of time on that particular issue and not on more important international issues.

Q: Did you start looking around or let it be known that you…

PRIMOSCH: Yes, I looked around a little bit. I ended up working for Tom Simons, who was a former ambassador to Poland and then was a coordinator for our assistance programs for the former Soviet Union, that is, Russia, the Ukraine, and the other New Independent States (NIS). That proved to be interesting. I took several trips to Moscow and to other countries in the region. We had at that time a huge aid program for Russia and the NIS. I think that when the program started, $800-900 million a year was going to Russia and all told almost $2 billion a year for all the NIS, mainly for technical assistance, although there was some commodity assistance that we gave to certain countries. For example, Armenia and Georgia right after they became independent had no access to energy. The Russians had given them subsidized oil and gas as long as they were part of the Soviet Union. They couldn't pay for Russian energy at market prices. They had no hard currency exports. The Russians cut them off. People there, particularly in Armenia, would have froze to death had the U.S. not provided everyone in Yerevan, the capital, with a space heater and kerosene oil to get through the winters. The people in Georgia received a lot of fuel assistance too as well as food assistance.

It was a real challenge to try to provide political direction to these programs, which were carried out mainly through the AID. I think the programs all had good intentions. But a lot of the assistance was, looking back, not very effective. Either the governments weren't ready for it or it was delivered in a way that didn't take into account the political realities.

Q: There was such turmoil there that it would have been almost impossible to have a well reasoned, rational program. There wasn't anything well reasoned or rational on the other side to absorb it.

PRIMOSCH: I think the aid programs generally had a sound rationale. There were some elements and some individuals who were capable of using the assistance. For those there was a lot of good that came out of it. One of the things that AID did very quickly, within two to three years after the Soviet Union fell apart and a new more private market-oriented government come in, was to privatize Russian state enterprises. AID moved very quickly and spent a few hundred million dollars within a year's' time to provide technical assistance on privatization. They did it through a voucher system. Millions of vouchers were printed. The idea was to give all Russian citizens and workers a voucher that they could feel that when the enterprise was sold they would have a stake in it as a shareholder. As it turns out, the big Party bosses took over many of these companies and still run them. So while the privatization occurred quickly, you never really had a stockholder-based private enterprise develop. You certainly didn't have the free-market culture develop. Nonetheless, it helped to get Russia get over that hump quickly. So while not perfect, at least it laid the groundwork for the future. It was very effective in that sense.

Another notable example I remember was, in Moscow we visited a group of teachers who were going to the United States to participate in a curriculum development program at an American college. They had been recruited from all over Russia. They were going to a college someplace in New England for the summer to try to develop a civics curriculum for Russian schools, one based on more democratic principles and a more objective look at Russian history. That was a very good use of money. We talked with the teachers who were participating and they were all delighted to be part of the program. They seemed so sincere and had such a strong feeling and desire that they wanted to help Russia make that transition and they wanted to be a part of that. So, those were a couple of examples where I believe the aid programs made a difference.

Q: How did you find working with this dealing with the Bureau of European Affairs and the old Soviet structure within the State Department, the SOV group? They were having to reinvent their own representation.

PRIMOSCH: I didn't find that to be an issue. I knew some of them from my earlier assignments. I had worked in the European Bureau for many years. At that time, the new Russia team was part of what was called the Office of the Coordinator for Former Soviet Union. Jim Collins was the director. Later he went out to Moscow as the Ambassador. Tom Pickering was the ambassador to Moscow at the time I was working in the aid coordination office.. I don't think that coordination with the Russian affairs office was a problem. The bigger issue had to do with trying to get a handle on AID. The AID and State Department people are very similar going into the system, but they have a very different culture at AID. I found AID to be very bureaucratic even by State Department standards. We had a lot of bureaucratic friction between our office in the State Department and AID trying to give the assistance programs overall political direction. It's such a cumbersome process to start a new AID program. To develop a technical assistance team, they have to put out bids. It's a very cumbersome paperwork process to get proposals. They have to be evaluated as well as the credentials of the experts. Then the contractor would send "experts" to the field, and some of them weren't all that

qualified. A lot of the people assigned had no foreign experience at all. They were only experts in a particular area. So, I think to the extent that there was a friction and a clash, it was more with the State and the AID culture and their sense of not wanting to accept any kind of political direction or guidance. They really needed it because they didn't in many cases understand what they were getting into.

Q: Were there the equivalent of bull sessions or staff meetings? Here is a system we've been opposing for more than 30 years and it falls apart and instead of trying to stick it to them, we're trying to help. There must have been an awful lot of discussion among our own people, including you, as to what the hell was happening and what could be done.

PRIMOSCH: At the time, there was great expectation that both the Russian government and the Russian people and even Russian businesses really wanted to change and that they would readily receive our assistance and follow what we thought was a very practical and logical course for transforming and transitioning their government and economy. We underestimated the challenge at all levels even within the State Department and certainly within AID, which had overblown expectations of what they could achieve, how difficult it would be and how entrenched certain interests in the old economic systems were. The corruption element became very quickly embedded in the new system and prevented change.

Q: There were all sorts of missions and various universities and think tanks going out there as so-called experts. They talked a great game, but when coming up against it, it really wasn't very helpful, was it?

PRIMOSCH: The bottom line is, no, it wasn't. The changes didn't occur that we had proposed and that we were paying people to try to achieve. This is probably not unique to Russia. There are probably a lot of AID people who went to Africa 25-30 years ago who thought Africa would look a lot different today than it does now. There was a real lack of appreciation of the difficulties in promoting change in the former communist states. There was also a lack of expertise. Certainly AID didn't have any expertise in the former Soviet Union. Our State Department did, but technical assistance is not the kind of thing even we were doing years ago. Perhaps these programs had to be tried. But they should have been reassessed more quickly as to their effectiveness and readjusted.

Q: You were with Tom Simons from '93 to when?

PRIMOSCH: '93 to '94. Then I went off to London. I was the economic counselor there. But I was only there a short time. We had an illness in the family and I had to come back after five months. It's a lot of fun for five months. A very interesting place, although I must say, in Europe, most of our economic sections don't have a lot to do because so much of the real economic and trade policy work is done in Brussels. The European Commission and European Union is the center of most of the trade policy and a lot of the economic policies in Europe today.

Q: Also a lot of the ties between treasury departments.

PRIMOSCH: Actually, we had a Treasury Department office at the embassy in London, which was eventually closed. The person in that office didn't have much to do. In European capitals, there are a lot of senior-level ties with U.S. cabinet secretaries and other senior officials, so there is a tendency to bypass the embassy because they have pals in Washington or particular agencies at very high levels. The feeling was they didn't really need to deal with us at the embassy. They would go directly to the responsible official.

Q: You came back in '95.

PRIMOSCH: That's right. When I came back, I didn't have any assignment immediately. Initially, they were going to send me to some program at the War College. I called Bill Montgomery, who had just come back from being ambassador to Bulgaria and was working on Bosnia. The Bosnian peace accord had just been signed at Dayton. The State Department was assembling a team to monitor and assist with implementation of the peace agreement. There were two sides to implementation. DOD was handling the military implementation. The State Department was responsible for the civilian implementation, including elections and aid programs. That brought me in touch with AID again. Bob Gallucci was initially the coordinator for our peace implementation. But he had a bit of a clash with John Kornblum, who was Assistant Secretary for the European Bureau at the time, over who should have the policy lead on Bosnia. John Kornblum, being an old experienced State Department bureaucrat, was not going to have someone within his bureau whom he had no authority over. So, Bob Gallucci said, "I'm not going to accept an appointment on these terms." He left, went to Georgetown, and Bill Montgomery then became the coordinator for the office. We spent most of our time then overseeing elections and aid programs and coordinating with the military on trying to be sure that the two aspects of the implementation were complementary. While I was in the office there was some discussion of catching senior war criminals (e.g. Radovan Karadzic and Ratko Mladic). I got involved in coordinating with DOD on this but the issue was not resolved. Later on, there had actually been several war criminals that had been sent to The Hague. Former President Slobodan Milosevic was eventually handed over. I'm flabbergasted that they finally got him to go. That was a very interesting period.

It reflects well on the State Department that when we had crises of this nature which really didn't fit into the established offices or bureaucratic structures, we were able to assemble a team and to bring people to work on the problem. In this case, they were all experienced officers, people with different backgrounds, including several who had Balkan backgrounds. We succeeded in doing something different from what you normally do within the existing structure. I think this is increasingly the kind of thing that the State Department will be called upon to do when crises emerge. The fact that we showed we were able to do this reflects well upon the people and the system.

Q: What piece did you have of the Bosnian action?

PRIMOSCH: It was a little bit of everything, a little bit of coordinating aid, a little bit of

helping to prepare for the elections. There was some de-mining issues which came up. It turns out that during the fighting they had spread mines all over the fighting area and no one knew where they were. It is even to this day extremely dangerous for anyone walking or riding through that area. They could get blown up. It happens every now and then, although they've charted certain safe zones and safe pathways that people can travel on.

Q: I was an election observer twice. Near Tuzla, up in the Serbian area, there was a lady from the OSC talking about mines and saying, "Okay, fellows and ladies, if you have to relieve yourself, piss on the pavement and don't step on the side." But it did bring home to you. You just didn't mess around.

In the last couple of years, almost criminal elements within the Bosnian government or at least the establishment have… There are a lot of questions about where money went. Did you get involved with this?

PRIMOSCH: It was an issue that emerged in our work. Corruption was prominent in the region very quickly after the war. Even when we made "clean" government practices a condition for receiving aid, senior people in the Bosnian government – and these were from all factions, but the Muslims were certainly as bad or worse than the other groups – kept haggling. The conclusion was that they would just not agree to accept the aid unless there was a way that they could steal part of it. I recall seeing not too long ago an article in the paper noting the problem when an audit was done. I don't think it was USAID programs so much as some of the other foreign aid programs where there was massive fraud in stealing by government officials. It surprised us at the time that even though there was such a dire need for aid and people were hungry and cold and needed all kinds of material assistance, the government officials would insist on getting their cut before they were willing to receive or distribute aid. That problem continues in the region. It was interesting that even at a senior level – John Kornblum went out many times and beat up on the president of Bosnia – it didn't seem to have any effect. It was all nice words, but then when it came time to try to develop the terms for receiving the aid, someone in the government would insist, no, it had to be done this way, which of course would mean they were going to get part of it. So, this was a big issue and it was never satisfactorily resolved.

Q: This was a big European effort, too. How about the various… Was aid pretty well coordinated at least between the various governments?

PRIMOSCH: That was always a challenge. The U.S. and EU aid systems are very different. AID is by all measures a bit slow in getting aid out, but the European Union system, which is administered out of the European Commission in Brussels, is awful. They're very slow and there is a lot of political bickering over which country gets which contracts. Part of the slowness of the process is that certain countries insist on getting their cut of the contracts and they won't agree to the program unless they do. So a way had to be found to spread around the contracts to different EU countries and that took time. We had a special coordinator for reconstruction assistance. He was the president of a construction company who had no diplomatic experience who went out to Bosnia and

did a pretty good job. We all thought he was a bit brusque and obnoxious, but apparently it was just what was needed to knock heads out there and get people to cooperate. In that respect, I don't know if you've talked with Jock Covey. He was the senior U.S. diplomat who was the deputy coordinator for civilian implementation in Bosnia. It was an international position that was created after the Dayton Accords and that we paid for. The civilian implementation organization was not really part of the European Union or the U.S. government but a separate entity. Jock said something about international coordination that stuck with me. He said that one of the things that the Europeans really appreciated about U.S. diplomats is our ability to organize staff and implement programs. They're not used to getting together in a meeting, setting an agenda, doing a decision paper, and then coming to a conclusion and then taking an action. They really appreciated what comes natural to a lot of Foreign Service Officers if you spend time in Washington and even overseas—this methodical ability to bring people together, talk an issue through, staff it out, do your decision paper, and then reach a decision, and then implement it. He said that our U.S. diplomats were very much appreciated for this ability that just comes pretty natural to people who have been in the system for a while. U.S. diplomats were considered a real asset to the operation over there. It was easier for Americans to bring Europeans together and go through that process than it was for a European national who would seen as a rival to others.

Q: You were doing this from '95 until about when?

PRIMOSCH: Through '96. Then I took over as director of the European Union office, which was called the Office of Regional and European Union Affairs, better known in the old days as EUR/RPE [Regional Political and Economic Affairs]. The office had two responsibilities, overseeing the U.S. OECD mission in Paris and then directing relations with the European Union and the European Commission in Brussels. At the time, I didn't know much about the European Union. I had to do a lot of quick reading. It's a rather complicated organization with a lot of different institutions. The European Union is a quasi-federal system, but really the 15 members states (at that time), most of Western Europe, still want to keep their national prerogatives, particularly over foreign policy. The members are always limiting what Brussels is trying to do. But just shortly before I started, the U.S. had launched with the European Union something called the "New Transatlantic Agenda." This was an attempt to reinvigorate the U.S.-European partnership which had lagged over the years, particularly as the Cold War ended. The Cold War threat had encouraged European unity and kept the Europeans working with the United States, but it was no longer a compelling force. The New Transatlantic Agenda established a variety of areas in which we would try to interact in a formalized way to see if we could build up a greater sense of partnership in trade and political issues, foreign policy issues, and areas like law enforcement and drugs trafficking, There was also a belated attempt to somehow build "people to people" relations, which didn't really do very much.

Under the New Transatlantic Agenda, we had a formalized process of consultations with the European Union that involved the European Commission in Brussels and the EU "presidency" country. Under the European Union system, there is a rotating presidency,.

Every six months one member country serves as the "chair" of the European Union. So, we would have these joint meetings with the European Commission and the presidency country of the European Union to discuss trade and international cooperation on issues like aid to Russia or crisis issues in Africa. We spent a lot of time trying to find a way of managing a relationship which had often deteriorated into a lot of spats over trade issues. To some extent, we succeeded. The idea of this kind of partnership was a good one at the time and it remains a good one. The European Union as an organization and a political and trade body is going to be even more important as it expands its membership. The EU will soon include all of Western, Central and Southern Europe—27 countries in all. So, we have to find a more systematic way of dealing with this group. This is a good initiative, and I think it's going to continue.

Q: You started with this in '96 and-

PRIMOSCH: Through '98.

Q: When you arrived on this, could you state your prejudices at that time? Was this a good thing or a bad thing? Whither the European Union?

PRIMOSCH: When I first started, I was appallingly ignorant of what the European Union was all about and really had to go out and read two or three books within the first month to just understand the institutions. I think my prejudices were that Europeans were a bit feckless and always complaining and not really appreciative of all the things the United States had done. In the end, I don't think it was dispelled. But I can see now how the Europeans see Americans as a bit arrogant. We pride ourselves in being very creative and coming up with a lot of new ideas, but what they always laugh and cry about is, "You come up with all the great ideas and then you want us to pay for them," which isn't too far from the truth. We certainly didn't have in the European area any extra cash to spend on new ideas even in aid programs in other parts of the world where we thought more money should be spent. We didn't have a lot of money to put in. From their perspective, there is some validity to their criticism of us. But our biggest challenge with Europe is we're two trade competitors in the global marketplace. The Europeans perhaps see themselves as more of a competitor to the U.S. than we see the Europeans. We just want market access everywhere. They see every initiative by the United States as just one more effort to try to prevent Europe from becoming competitive or to continue our economic dominance. The French particularly have this perspective. That psychology did have practical consequences. There were trade conflicts that we had a hard time solving because the French, in particular were very suspicious of the United States and didn't want to compromise.

Q: Did you get any feel… Looking at this, watching the European Union and all, an American can sit back with a certain amount of satisfaction by saying the fact that you've got this outfit in Brussels and Strasbourg putting together all these laws and regulations and then you have to make sure that every nation in the Union gets its cut, plus the socialist overlay, the social net, so you can't cut jobs, you can't move things around. But this gives us maybe a good five percent advantage in dealing with them. It's an inhibitor

rather than allowing the real competition to develop.

PRIMOSCH: European officials recognize that they have this heavy burden of the European approach to economic policy and social programs. What that makes them is all the more paranoid and all the more concerned that no matter how hard they try, given their approach to social welfare programs and labor laws, they're never really going to catch up with the United States. That concern remains. It affects their attitude towards problem solving. There are certain American extraterritorial laws, for example, dealing with Cuba or Iran, that allow the United States to sanction any company in the world even if they are not a U.S. company, if for example they invest or trade in Cuba or Iran. This drove the Europeans crazy to think that Americans would pass a law that could punish their companies in other countries when their own foreign policy decided that this was totally acceptable. Because of this sense of being behind the United States economically, they were always on the defensive and tended to overreact. This is a problem in managing relations with the Europeans. On the one hand, Congress blithely passes these sanctions laws, even though the laws don't have much of a practical consequence. For Europeans, their reaction against U.S. unilateral policies is a matter of principle, but what stirs the matter of principle is this gnawing paranoia and fear that the U.S. is always going to be above them. They tend to overreact. It makes it more difficult to solve the problem.

Q: Did you find in our looking at Europeans that, say, the Germans and maybe other countries were allowing the French to be the point person to be difficult and they were happy the French were carrying the burden of protectionist policies but they were really supporting the French?

PRIMOSCH: We've often talked among ourselves about the dynamics among the different countries. I think for some countries that may be the case and perhaps for some companies within countries. The Brits were generally always well disposed to try to be helpful and try to broker compromises and deals so that we'd get out of these disputes, although not always. They could be very hard headed on their own trade interests, too. But the Brits didn't have much influence on the Continent. They were considered a late joiner of the EU and even today are the least enthusiastic about the EU among the member countries. Brits– and even some of their politicians – are always making snide remarks in the press to the effect "We really don't like being in the European Union." So as a result they don't have much influence in the EU. Germany, the big elephant in the room, is a victim of its history in that its goal is to be integrated into a Europe where they don't stand out and their historical misdeeds don't become prominent in relationships. Its primary goal is to have good relations with France. When we had these problems and we'd go to the Germans and say, "Can't you be helpful on this? Can't you try to work this out within the European Union," they'd always say the right things, but as far as we could see, they never did anything. Our interpretation was that they deferred to the French. If it was a huge strategic issue with the United States, they'd probably side with the United States. But on your day-to-day disputes and even fairly significant ones, they felt that the most important thing is not to be out of step with France. "We have to have good relations with France and if that means the French are being obnoxious with the

Americans, and this is causing problems, that's okay. We'll live with that. But we're not going to do anything to upset our relations with France. We're not going to pressure them." The French are pretty hard to pressure anyway.

Q: It's been a cornerstone of our policy, and really a very successful one… The whole idea was to stop one of these European civil wars between the French and the Germans. Two world wars is sort of enough. That was our policy. It's working. But were we beginning to say, "Well, let's try to do a little unknitting to bring a little pressure, to draw a line between the Germans and the French?"

PRIMOSCH: No, that never came up in any discussions. We had a very firm and clear policy of support for European unity and for the European Union as a community. And we were also pushing Western European countries to expand the European Union to include Central Europe. A united EU trade community, combined with NATO, would be the mechanism for ensuring stability throughout the European area. That's still a very sound policy. Trying to play in European politics and play one off against the other, I don't know that we ever tried that. We tried to use our friends like the Brits and the Germans, and even the Dutch occasionally, to mediate or be helpful in resolving disputes, but we never tried to play one off against the other.

Q: It's a very dangerous game to do. The whole idea is to keep the Germans and the French from going at each other. How about what was coming out of Brussels and Strasbourg? You have an awful lot of very highly paid politicians and bureaucrats coming up with unified economic rules which seem like part of a sclerosis of the system. They're over regulating.

PRIMOSCH: The trade issues that came up that we spent most of our time related more to regulatory policies and standards. There were relatively few trade issues that were strictly speaking protectionist. Some companies complained about difficulty of doing business in Europe because EU technical standards are set in ways that favor European companies. We had a few big regulatory issues that came up because of their major impact on trade that we spent a lot of time on. One of them involved new products based on biotechnology. U.S. grain producers have developed these genetically modified grains. The jargon is "genetically modified organisms [GMOs]" that trigger certain qualities in seeds and make them resistant to bugs or have other qualities that are overall very beneficial for growing. But the European publics had – and I think it was genuine, although there could have been some protectionist sentiment – strongly opposed development of these GMO-based products, saying "This is 'Franken food.' This is going to be terrible. We'll have mutated babies." None of this was ever proven. The U.S. Food and Drug Administration (FDA) and other scientific groups have done studies and concluded that there is no harm to humans from GMO-based products. There was probably some protectionist motivation among some groups, but this was basically a public perception issue. "Even though there is no scientific evidence, we don't want these products coming to Europe." So, with U.S. farmers going whole hog growing this grain with genetically modified organisms, we had a situation where we thought we'd have to shut down the grain trade to Europe. The Europeans seemed initially to indicate that

"Even if there are trace amounts, we won't accept grain shipments."

Q: What would that mean?

PRIMOSCH: You could have ships on the sea with grain that are just stuck there. A major disruption in agricultural trade with Europe. We reached a temporary compromise, but this is a continuing issue. I think this shows the importance of having clear internationally recognized technical rules on what are acceptable products. Given the massive flows of commodity and product in global trade these days, even small changes in technical rules can have huge impacts.

Q: I live in Northern Virginia and can see French TV every night. You can see Joseph Bove and all these guys running around having a wonderful time. The French and the Germans go for a sense of dramatic. It's a lot of play acting. They're treating this like a nuclear disaster. Let's say they did say, "No, we won't accept your grain." Were we thinking in terms of "Okay, screw you. If you won't accept your grain, we will retaliate by not accepting major exports to the United States?"

PRIMOSCH: I'm sure there would have been some kind of retaliation along those lines. The threat was out there. I don't think we had gotten that far. But we did have some trade retaliation on a couple disputes. There was another case involving beef that Americans had been exporting to Europe that was grown with growth hormones. The Europeans said, "We don't want that beef," even though there was no scientific evidence saying that cattle raised with hormone-containing feed was harmful to humans. Increasingly, this is a category of trade problems that we're going to have to address, particularly with Europe. European consumers have a certain kind of preferences on acceptable foods and they don't care if there is no scientific evidence supporting their preferences. Either they feel it's unhealthy or there is some perception that this is not good for them. What do you do? It seems to me a bit unreasonable on the part of the U.S. government to say, "Well, you have to accept these foods even though your publics don't want them." On the other hand, if you allow this to continue, that is, allowing trade restrictions without scientific justification, this would be an open invitation for protectionism.

Q: One can see that people feel very strongly about this, but behind some of this is a certain amount of sticking it to the Americans on the part of the public.

PRIMOSCH: Sticking it to Americans may have been part of it but not necessarily in a protectionist sense. My impression of Europeans is that they have a rather low opinion of Americans and that there are all kinds of prejudices out there that Americans don't have about Europeans. We have stereotypes, but I don't think it's so much in a negative way. I think they look at us as too capitalistic and lacking in culture. The French think we don't know good food when we see it. So, I think that there is that overlay that does affect public attitudes and has practical implications in terms of trying to solve problems that arise.

Q: You said there are a couple of issues. One was the modifications of grains. Any other

major ones that you were dealing with?

PRIMOSCH: There were a lot of unique kinds of trade issues. One involved the merger of Boeing with McDonnell Douglas. Even though they are two American companies, because they sell their products around the world, including Europe, the European Union claimed jurisdiction over the merger under EU law. The European Commission was going to block the merger. In fact, the Commission did this with Honeywell and General Electric just a few weeks ago, flexing its muscles on regulating mergers and acquisitions. This had all of a sudden come from being a routine regulatory issue to one that went to the White House very quickly. McDonnell Douglas was going to go bankrupt if they didn't merge with Boeing because they couldn't make it in the jumbo jet market. So, we very quickly scurried around. There wasn't too much we could do. The Justice Department was managing the issue and told us to butt out. Nonetheless, it was a foreign policy issue. We had to somehow try to become involved. In the end, Boeing agreed to concessions that involved selling off certain subsidiary product lines of McDonnell Douglas so that they would be less dominant in certain areas and that solved the problem. But for a few weeks, this had gone up to the President and was probably would have caused a very serious reaction, particularly since there had been a lot of workers who would have been let go at McDonnell Douglas if the merger failed.

Q: It sounds like somebody must have been thinking, "Okay, there goes the European Airbus."

PRIMOSCH: I'm sure there were some who probably thought that this was really the French and Airbus behind the scenes trying to make it difficult for Boeing. Boeing went downhill after the merger with McDonnell Douglas. I don't know whether that was part of the cause. I think it might have been. The European Commission had a very strong Commissioner for competition policy, Karel Van Miert. I think he was sincerely interested in competition issues and did not see this as a protectionist measure.

Q: Were we developing a comparable thing to look closely at European mergers?

PRIMOSCH: U.S. authorities do look at European mergers, but the Justice Department and Federal Trade Commission have a much more flexible approach. For example, with General Electric and Honeywell, they had approved that merger and then it went over to the European Commission. Commission officials took a different analytical view that had some validity, but it was not one that our experts would have taken.

Another set of issues that we spent a lot of time on had to do with Iran and Cuba. We had two laws on the books that would have punished European companies for doing certain kinds of business in Iran and Cuba. We had something called the Iran-Libya Sanctions Act (ILSA), which Congress just renewed for another five years. ILSA says that any company that invests more than $20 million in Iran in the energy sector can be subject to certain penalties in the U.S. We were in a situation where a Malaysian oil company, a Russian oil company, and a French oil company had signed a contract to invest several hundred million dollars in Iran and clearly violated the law from the U.S. perspective.

But the President did have a waiver authority. What we had to do was try to extract from the Europeans some kind of commitments that they would work with us to promote positive change in Iran. It was touch and go for an extended period. But it was as much a negotiation with the Congress as it was with the Europeans. The Congress kept saying, "Why aren't you enforcing the law? Why should the President waive? This is what we wanted him to do. We wanted him to sanction the Europeans." There was a similar problem with Cuba and the Helms-Burton Act, which involves sanctioning companies that trade in U.S. property in Cuba that was nationalized after Castro took over. That happened to several big U.S. companies down there. That property had been transferred from one party to another and was eventually sold by the Cuban government to some European investors. Under the U.S. law, the European companies would have had to have been sanctioned because they were trading in U.S. confiscated property. So, we had a rather elaborate negotiation with the Europeans which Stu Eizenstadt, who was Under Secretary for Economic Affairs at the time, coordinated. I was involved with that along with a few other people trying to develop a face-saving statement that we could use with the Congress and with the Europeans saying that "The U.S. and EU are cooperating for positive change in Cuba and Iran and because of that, you should overlook violations or what were in effect violations of the law and allow the President to waive the Helms-Burton sanctions." We had Secretary Madeleine Albright raise it when she was at the U.S.-EU summit in London in June 1998 which I attended. Secretary Albright had to weigh in with her European counterparts to try to get them on board. Finally, the French did agree and we concluded a statement that had virtually no operative impact on anything but it provided the cover we needed to do what everyone knew we were going to do anyway, i.e., waive the sanctions.

Q: I've had the feeling for a long time that the French are way out in front in trying to… For example, we have a real problem with Iraq, which is still a hostile state no matter how you slice it. It is a threat. We're trying to keep it down through sanctions. But the French can hardly wait to get in there and sell whatever they can to Iraq, including military equipment. Was this your perception?

PRIMOSCH: When I was working on these issues, the concern was mainly Iran. I don't recall whether there was much activity with Iraq. But we had a number of discussions with the Europeans to talk about Iran and why we thought the Europeans should be tougher on their trade with Iran. We never really convinced them. This raises a very good question with regard to Europe and the French and the Germans. They all wanted to get into Iran to do business. A lot of them were active in Iraq already at that time. I don't know the Europe's level of trade with Iraq, but I know with regard to Iran, all the major European companies had been there. The Japanese had sent a major trade mission there. It raises a question about their real intentions. Our European counterparts said that they saw transition happening, particularly in Iran with the election of President Mohammad Khatami. When he was first elected in '96 or '97, Europeans said, "Well, we're going to see a lot of change in Iran, so we need to be nicer to them." There probably has been some change, but I think both Iran and Iraq are still threats. They're as much a threat to Europe as they are to the United States. So the question is, what is their strategic thinking or do they have any strategic thinking? Are they just assuming that if things really get

bad, the U.S. will take care of it and, in the meantime, Europeans can just go and make some money? Or are they really deluding themselves to think there's no problem? I've often wondered how the Europeans see a lot of these issues where we see strategic threats and they just see commercial opportunity.

Q: What about Cuba? Many people have said that we made a terrible mistake in Cuba in that if we had opened up our trade and not put this tremendous embargo, it probably would have helped destabilize Castro as it did in other places. Was this one of those things where because of the politics of the Cuban-American vote – just like Israel – you don't talk about change?

PRIMOSCH: I think you hit it on the head. There was an assumption that the trade embargo was a given, that this was what Congress wanted and that you weren't going to change the minds of people on the Hill. You had some influential Florida representatives who were very active and were willing to weigh in heavily on Cuba policy. The assumption was, this is what we have to live with now, so let's make the best of it and try to get our Europeans to come along as best we can. This says a lot for Stu Eizenstadt, the Under Secretary for Economic Affairs at the time. Stu had to deal with the Congress directly on this issue and got beaten up a number of times for not being as tough with the Europeans as they thought he should have been. His approach was to show that the Europeans were helping to encourage positive change in Cuba and at the same time to try to encourage the Europeans to do more. He was successful at this. He defused a huge problem over European companies' violation of the Helms-Burton amendment. His approach was to say something along the lines of: "You don't like our policy but you do share our interests. You want to promote human rights in Cuba—the Spaniards in particular were very committed to that, and a few other countries as well—so why don't you just work with us? You can do a few extra things and then we can use this to help on Helms-Burton. You can have some seminars on human rights. You can speak out on human rights. This will help to defuse the problem of Congress." He took a lot of relatively small actions and put them all on a big list and said, "Look at all the things that the Europeans did. The Dutch held a seminar. The Spaniards made this statement. They sent a delegation here. There was this and there was that." There was this whole long list of things that the Europeans had done which if you looked individually at each one, they were really of relatively minor significance, but overall, it looked like the Europeans were finally cooperating. So, by taking that approach, he defused a problem with the Europeans and satisfied the Congress. Everyone just accepted that Cuba policy was there and you weren't going to change it.

Q: In '98, what did you do?

PRIMOSCH: When I finished in the Office of European Union Affairs, I went into the retirement seminar, concluding an interesting 23 years in the Foreign Service.

Q: Particularly looking at your last job with the OECD, with the European Union and all. This is going to be with us for a long time. Having a bit of work on how we deal with this problem… It's not earth shaking in that it will be there for a long time, but it's trade

and not war and that's the way it should be.

PRIMOSCH: There is a general ignorance of what the European Union is and how it functions within the State Department. There aren't too many people who really understand how we need to interact with them. I hope that in the next few years, we come to a better understanding of how to interact in an effective way. When you look around the world, Europe is our only potentially effective ally to deal with a whole range of global and strategic issues. If we can't do this well, the United States will be at a loss because of it.

Q: Let's stop at this point then.

PRIMOSCH: Thank you.

End of interview